No. 99-150-CFX Title: Wal-Mart Stores, Inc., Petitioner
v.
Samara Brothers, Inc.

Docketed: July 21, 1999 Court: United States Court of Appeals for the Second Circuit

Entry	Date	Proceedings and Orders
	Jul 20 1999	Petition for writ of certiorari filed. (Response due August 20, 1999)
	Aug 20 1999	Brief of respondent Samara Brothers, Inc. in opposition filed.
	Sep 1 1999	DISTRIBUTED. September 27, 1999
	Oct 4 1999	Petition GRANTED. limited to the following question: What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade-dress protection? Brief of petitioner is to be filed with the Clerk and served upon opposing counsel on or before 3 p.m., Thursday, November 18, 1999. Brief of respondent is to be filed with the Clerk and served upon opposing counsel on or before 3 p.m., Monday, December 20, 1999. A reply brief, if any, is to be filed with the Clerk and served upon opposing counsel on or before 3 p.m., Monday, January 10, 2000. Rule 29.2 does not apply. SET FOR ARGUMENT January 19, 2000. **********
	Nov 15 1999	Brief amicus curiae of Scott Zimmerman filed.
	Nov 16 1999	Brief amicus curiae of International Trademark Association filed.
	Nov 17 1999	Brief amicus curiae of Private Label Manufacturers Association filed.
	Nov 18 1999	Joint appendix filed.
	Nov 18 1999	Brief of petitioner Wal-Mart Stores, Inc. filed.
	Nov 18 1999	Brief amicus curiae of United States filed.
	Nov 18 1999	Brief amicus curiae of American Intellectual Property Law Association filed.
	Nov 18 1999	Brief amicus curiae of Payless Shoesource, Inc. filed.
	Nov 18 1999	Brief amicus curiae of International Mass Retail Association filed.
	Nov 19 1999	CIRCULATED.
	Nov 24 1999	Motion of Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument filed.
	Dec 1 1999	Record filed.
	Dec 1 1999	Record filed.
	Dec 2 1999	Motion of Payless ShoeSource, Inc., for leave to participate in oral argument as amicus curiae and for divided argument filed.
	Dec 9 1999	Motion of the Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument DISTRIBUTED.
	Dec 9 1999	Motion of Payless Shoesource, Inc. for leave to participate in oral argument as amicus curiae and for

No. 99-150-CFX

Entry	Date	Proceedings and Orders
		divded argument DISTRIBUTED.
	Dec 13 1999	Motion of Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument GRANTED.
	Dec 13 1999	Motion of Payless ShoeSource, Inc., for leave to participate in oral argument as amicus curiae and for divided argument DENIED.
	Dec 20 1999	Brief of respondent Samara Brothers, Inc. filed.
	Dec 20 1999	Brief amici curiae of Ashley Furniture Industries, Inc., et al. filed.
	Jan 10 2000	Reply brief of petitioner Wal-Mart Stores, Inc. filed.
	Jan 19 2000	ARGUED.

(1)

Supreme Court, U.S.
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OFFICE OF THE CLERK

No.

IN THE

Supreme Court of the United States

WAL-MART STORES, INC.,

Petitioner,

v.

SAMARA BROTHERS, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether clothing designs that vary from garment to garment, are inherently functional because they were chosen for their aesthetic appeal, and do not identify the source of the clothing, can be protected under the Lanham Act as "trade dress."

2. Whether a determination that trade dress is "source identifying" should, like issues of patent construction, be made by judges and not juries.

3. Whether the Copyright Act preempts New York state law.

4. Whether copyright protection is afforded to commonplace designs, such as hearts, strawberries, and flowers.

PARTIES TO THE PROCEEDING AND STATEMENT PURSUANT TO RULE 29.6

All parties in the Court of Appeals are designated in the caption. Petitioner Wal-Mart Stores, Inc. does not have a parent company and no publicly held company owns 10% or more of the stock of Wal-Mart Stores, Inc.

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REPORTED OPINIONS AND STATEMENT OF JURISDICTION

This petition seeks review of a judgment of the Court of Appeals for the Second Circuit that was rendered on December 28, 1998, and reported at 165 F.3d 120. A timely petition for rehearing and petition for rehearing en banc was denied on April 21, 1999. (App. 59.) This petition is filed within 90 days of that date as provided under Rule 13. Jurisdiction in this Court is founded on 28 U.S.C. § 1254(1).

The District Court's decision was reported at 969 F. Supp. 895. The Appellate Court and the District Court opinions are reprinted in the Appendix at pages 1 and 42, respectively.

STATUTORY PROVISIONS INVOLVED

Section 43 of The Lanham Act, 15 U.S.C. § 1125. False designations of origin, false descriptions, and dilution forbidden.

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which —

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

The Copyright Act, 17 U.S.C. § 301. Preemption with respect to other laws.

> (a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

The Copyright Act, 17 U.S.C. § 102. Subject matter of copyright: In general.

> (a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

> (1) literary works;
> (2) musical works, including any accompanying words;
> (3) dramatic works, including any accompanying music;
> (4) pantomimes and choreographic works;
> (5) pictorial, graphic, and sculptural works;
> (6) motion pictures and other audiovisual works;
> (7) sound recordings; and
> (8) architectural works.

STATEMENT OF THE CASE AND DISTRICT COURT JURISDICTION

In this intellectual property case, a vendor of children's clothing won monopoly protection for some children's clothing designs for which "trade dress" protection was claimed and for other designs that were copyrighted, but consisted of commonplace designs such as hearts, strawberries, and flowers. The 2-1 Second Circuit decision was rendered over the strong dissent of Judge Jon O. Newman who explained how the majority had fundamentally misconstrued the Lanham Act and had also extended copyright protection to designs that were not original.

The case is significant because it reduces competition in the $100 billion garment industry; it bestows monopoly rights on companies which claim that, because clothing

designs are aesthetic, they designate the origin of the goods.[1] It also grants copyright protection to unimaginative, everyday designs.

Plaintiff Samara Brothers, Inc. ("Samara") designs and sells a line of children's clothing under its own branded label, "Samara." Defendant Wal-Mart Stores, Inc. ("Wal-Mart") is a national retailer of brand name and private label merchandise, including children's clothing. In 1996, Wal-Mart purchased some seersucker children's clothing from a vendor, Judy Philippine, Inc. Wal-Mart sold some of those goods under its own private label "Small Steps," and other goods under the label "Cuties by Judy," the brand name of its vendor, Judy Philippine.

Samara sued Wal-Mart and others, asserting federal and state law causes of action based on the copying of Samara's applique designs. Jurisdiction in the trial court was founded on 15 U.S.C. § 1121, 28 U.S.C. §§ 1331, 1334(b) and 1338(a) in that claims were asserted under the Copyright Act, 17 U.S.C. § 101 *et seq.*, Section 43 of the Lanham Act, 15 U.S.C. § 1125(a) and the doctrine of pendent jurisdiction. During the trial a Motion for Judgment as a Matter of Law was made by Wal-Mart and a decision was reserved by the trial court. All claims were submitted to the jury and verdicts in favor of Samara were returned on every claim. The jury awarded $912,856.77 for infringement of 13 Samara copyrighted applique designs and $240,458.53 under the Lanham Act for copying several designs that were not copyrighted but were found to embody Samara's trade dress.

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1. The American Apparel Manufacturers Association estimated "that the wholesale value of apparel available for consumption in the U.S. last year was $101 billion." Economic Newsletter of the American Apparel Manufacturers Association, *Sizing Up the U.S. Apparel Market*, March 1998 (available at http://www.americanapparel.org/gen_info_stats_home.html).

The trade dress claimed by Samara is based entirely on the visible features of the garments themselves — which vary from garment to garment. The trade dress is not based on any labeling, advertising, display materials or packaging. The claim thus falls within the category of "product or design" trade dress claims, not the category of "packaging" trade dress claims.

Verdicts for Samara were also returned on two pendant New York state law claims and the jury assessed damages on those two counts in the total amount of $50. A timely post-trial renewed Motion for Judgment as a Matter of Law, or in the alternative a new trial, was denied by Judge Denny Chin.

On appeal, Wal-Mart challenged the denial of the Motion for Judgment as a Matter of Law and the trial court's trade dress jury instructions. The majority affirmed the jury verdict, but found that $68,633.53 of the awarded trade dress damages could not be allowed since it represented Wal-Mart's profits on a garment that did not fall within the definition of Samara's trade dress — a definition that the majority crafted for the first time in its opinion. Judge Newman dissented and would have set aside the entire trade dress judgment and permitted damages for only one of six copyrighted designs challenged by Wal-Mart.

REASONS FOR GRANTING THE WRIT

Trade dress is protected only when it serves to identify to the consumer the source of the goods bearing the dress. Unlike copyright and patent law, which protect inventors' creative expressions as an incentive for invention, the Lanham Act protects consumers by assuring them that the source of goods is constant. This case is important because the majority opinion bestowed trade dress protection on goods which are not "source identifying."

The Court should grant review in this case in order to resolve an express conflict among the Courts of Appeals and to clarify the consequences of its 1992 decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763. In that decision, the Court resolved a conflict among the circuits and held that a party could obtain trade dress protection under the Lanham Act, 15 U.S.C. § 1125(a), for inherently distinctive designs without proof of secondary meaning. The Court at that time declined to grant review of the second question presented in that case — the proper scope of the trade dress doctrine of functionality. *Id.* at 767 n.6. Justice White's opinion emphasized that, in extending protection to trade dress despite the absence of any proof of secondary meaning, the Court believed that existing case law providing protection only to "nonfunctional, distinctive trade dress . . . . serves to assure that competition will not be stifled by the exhaustion of a limited number of trade dresses." *Id.* at 775. The Second Circuit majority decision in this case shows that this Court's 1992 expectation has not been fulfilled.

The lower courts continue to be plagued with uncertainty on how to implement the *Two Pesos* decision. Chief Judge Posner recently opined that "[t]he courts have struggled to articulate a standard for when a trade dress is sufficiently distinctive to be entitled to the prima facie protection of the Lanham Act." *Publications Int'l, Inc. v. Landoll, Inc.*, 164 F.3d 337, 338 (7th Cir. 1998), *cert. denied*, 119 S. Ct. 1498 (1999). A commentator recently stated that "[m]any courts have developed 'indigestion' in the wake of the Supreme Court's holding in Two Pesos v. Taco Cabana." Joseph R. Dreitler, *Courts Differ Over Trade Dress For Diverse Products*, National Law Journal, May 31, 1999, at C19. The decision below illustrates why this Court should now clarify the law in order to avoid allowing the doctrine of trade dress to extend monopoly protections to clothing designs that do not identify the source of the goods.

This case involves a specific branch of trade dress law involving "product configuration" — cases where the claimed

trade dress inheres in the appearance of the product itself, not its packaging or advertising. There is an express conflict in the Circuits on the proper legal standard for such cases. While all circuits require the plaintiff to show that its claimed trade dress serves primarily as a designator of the origin of the product, there are materially different additional requirements and variations among the circuits.

The Third Circuit standard, set out in *Duraco Products v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1448-49 (1994), requires a plaintiff to show that its trade dress is: "(i) unusual and memorable; (ii) conceptually separable from the product; and (iii) likely to serve primarily as a designator of origin of the product." The Eighth Circuit has expressly rejected that formulation in *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780, 787 (1995), where that court expressly considered the *Duraco Products* decision and expressly stated that it would "decline to adopt the Third Circuit's standard."

Unlike the Third Circuit, the Eighth Circuit does not require any element of "memorableness" and instead adopted the Second Circuit's test for trademark protection articulated in Judge Friendly's classic decision in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976). The Fifth Circuit has similarly adopted the *Abercrombie* test. *Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526, 540 (5th Cir. 1998); *Sunbeam Products, Inc. v. The West Bend Co.*, 123 F.3d 246, 252 (5th Cir. 1997). The Second Circuit itself, however, has clearly stated that "it does not 'make sense' to apply the *Abercrombie* test directly to product design or product configuration cases." *Landscape Forms, Inc. v. Columbia Cascade Company*, 113 F.3d 373, 377-78 (1997).

The conflict in the circuits is material to the decision in this case. If the Third Circuit requirement for proof of a trade dress "conceptually separable from the product" had been applied here, the Second Circuit would have had to reverse the

judgment because Samara's claimed trade dress cannot be separated from the garments themselves.

The majority decision in this case has been the subject of abundant commentary in legal literature. Samara's counsel in this case acknowledged publicly that until this decision, "the Second Circuit had rejected every single trade dress claim — arguably save one — that was based on the overall appearance or configuration of a line of goods." Stuart M. Riback, *After Years of Hinting, Circuit Extends Trade Dress Protection to Product Line*. New York Law Journal, Feb. 17, 1999, at 1. Another lawyer who reviewed the decision in this case described it as "significant in that trade dress protection for apparel designs is extremely rare and especially acute absent a showing that the design has achieved secondary meaning in the eyes of the public," a status that was concededly not attained by the Samara garments. Elizabeth Deen, *'Samara' Expands Trade Dress Protection for Clothes*, National Law Journal, May 31, 1999, at C12.

A similar commentary on the significance of this decision stated that it "has potentially far-reaching implications — that is, if it does not prove to be, as the dissent predicts, an 'aberrational result . . . limited to the facts of this case.' " Christopher L. McKee & Brian E. Banner, *Imitation Out of Fashion: Crucial 2nd Circuit Says That Designs Have Trade Dress Protection*, Legal Times, April 12, 1999, at 45 (supplement). The risks of this decision becoming a precedent for vast expansion of trade dress protections was noted by other lawyers who concluded that "by extending trade dress protection to variants of commonly adopted ornaments in a product line, the Second Circuit's ruling in *Samara* has made it easier for decoration to be found inherently distinctive." Parker H. Bagley & Paul J. Reilly, *U.S. Expands Availability of Trade Dress Rights*, IP Law Weekly, June 9, 1999, at 123, 125. The widespread commentary coming so recently after the decision evidences the importance of this case and the significant

precedential potential that warrants issuance of a writ from this Court.

There are additional reasons for granting review here. The majority decision found that the jury verdict rested on a legally impermissible concept of protected trade dress. However, instead of articulating the proper scope of legal protection and then remanding the case for a trial under that definition, the majority instead dissected the jury verdict and — in effect — made its own findings of fact in order to affirm the substantial part of the jury's verdict. That decision justifies review and consideration of the proper role of the judge and jury in determining whether designs are "source identifying" or merely aesthetic, and hence functional. The majority opinion is internally inconsistent on this point: while it says the jury is to decide if trade dress exists, the court itself performed that function.

An additional reason for granting review is to determine whether the Copyright Act preempts New York state law of unfair competition. In this case the Court of Appeals held there was no preemption, despite the fact that the only difference between the state and federal doctrines relates to the defendant's state of mind, an element that cannot save state law from the federal statutory preemption.

Finally, this Court should determine whether the Copyright Act protects commonplace designs such as hearts, strawberries, and flowers. The decision below, as Judge Newman observed, bestows the monopoly protection of the law on commonplace designs that are not original.

I.

SAMARA'S CLOTHING DESIGNS CANNOT BE PROTECTED UNDER THE LANHAM ACT BECAUSE THEY ARE PURELY FUNCTIONAL AND NOT INDICATIVE OF THE SOURCE OF THE CLOTHING.

Wal-Mart contended on appeal that two prior decisions in the Second Circuit authored by Senior Judge Oakes — *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (1995), and *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373 (1997) — were indistinguishable and required reversal here. The author of the majority opinion, Judge Parker, acknowledged that there were "substantial similarities between this case and Landscape Forms," but concluded that "in the end . . . the reasoning of *Landscape Forms* leads to a different conclusion in this case." (App. 10; 165 F.3d at 125.) Judge Gregory Carman, visiting from the United States Court of International Trade, joined Judge Parker's opinion without any additional comment. Judge Newman, on the other hand, concluded that the prior decisions did require a reversal of the trade dress judgment in this case. (App. 30; 165 F.3d at 133.)

In his majority opinion, Judge Parker did not accept either Samara's articulation of its own trade dress or the District Court's description of the trade dress. Indeed, Judge Parker found that the jury verdict had improperly applied a concept of trade dress that led them to award damages for garments that could not qualify even under the majority's view of protectable trade dress.

Judge Parker stated the protectable trade dress to include

> most if not all of the following elements: seersucker fabric used exclusively; two or three identically shaped and symmetrically placed cloth appliques (not screen printed) substantially similar to appliques

> displayed on Samara clothing in vibrant colors integrated into the collar (which is typically large and white), collar line and/or pocket(s), if any; single-piece, full-cut bodies; and the absence of three dimensional features, outlines and words.

(App. 18-19; 165 F.3d at 128.) Applying that definition, Judge Parker found that two of the 16 garments at issue did not evidence protectable trade dress. (App. 21-22; 165 F.3d at 129-30.) Each of those garments had "a single applique . . . on the center of the garment with no collar or pockets." (App. 21-22; 165 F.3d at 130.)

In his dissent, Judge Newman pointed out the problems with the majority's definition. He noted that of the 14 garments the majority found within its new definition, "four do not have the applique integrated on the collar or pockets; in two products, the applique is placed on the top front of the main fabric of the dress, and in the remaining two products, on a midriff running across the main fabric of the dress."[2] (App. 34; 165 F.3d at 134.)

It is apparent that not a single aspect of the majority's definition reflects any concept of a unique design, such as the Dallas Cowboys Cheerleader outfits, that can be associated with Samara as a source of garments. *See Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 202 (2d Cir. 1979). It is equally apparent that the elements of the trade dress are indistinguishable from the product itself.

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2. For the Court's convenience we have reproduced images of several Samara products in the Appendix. The products include one of the two products found by the majority to fall outside their definition of protectable trade dress (App. 61), one of the four found by Judge Newman to be inconsistent with the majority's definition (App. 62), and one that would appear to fit within that definition (App. 63).

A. Samara's Claimed Trade Dress Is Unprotected Because It Is Aesthetically Functional.

While the various Courts of Appeals agree that trade dress protection does not extend to "functional elements" of a product, they experience continuing difficulty in developing and applying a coherent concept of the difference between unprotectable functional elements and protectable non-functional trade dress. *See Publications Int'l, supra*, 164 F.3d at 339 ("the critics who argue that in application the concept [of aesthetic functionality] is mischievously vague certainly have a point . . . ."). Prior to the Court's *Two Pesos* decision, this difficulty had less importance, at least in those Circuits that required proof of secondary meaning to establish protectable trade dress. In the aftermath of that decision, it has become necessary to develop the concept of unprotected functionality in order to avoid excessive limits on competition as a result of expansive concepts of trade dress.

Prior to the decision in this case, the Second Circuit had been moving in the direction of a "bright line" presumption that materially assisted lawyers and their clients in avoiding trade dress problems. The touchstone of trade dress protection is the requirement that the alleged trade dress must be indicative as to the source of the products, not merely an element of the product itself. That requirement had led the Second Circuit to observe that a product's design or configuration is far less likely to be indicative of its source than is the packaging of that product.[3] The Circuit thus "appeared to be moving toward a rule that packaging is usually indicative of a product's source, while the design or configuration is usually not so." *Landscape Forms, supra*, 113 F.3d at 379.

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3. In *Two Pesos*, for example, the trade dress was part of the packaging of the product — the physical building housing the restaurant — rather than the product itself — the food served by the restaurant.

The decision here threatens to erode, if not eliminate, that distinction. Samara's trade dress is not based on any element of consistent packaging which would signal consumers that the products came from the same source. The claimed trade dress is based entirely on the garments themselves which send no signal of a common source. In short, the garments are the trade dress; there is no distinction between the products and the claimed trade dress.

Copyright law exists to protect original works from unauthorized duplication. But copyright law has specifically recognized the tension, at least with respect to clothing designs, between protecting originality and promoting competition. While a copyright will issue to cover a specific **fabric design**, clothing designers cannot obtain a copyright for a **dress design**. *See, e.g., Whimsicality, Inc. v. Rubie's Costume Co.*, 891 F.2d 452, 455 (2d Cir. 1989); 1 Nimmer on Copyright § 2.08[H][3] (1998).

The effect of the majority decision below, in the words of the dissent, is to provide a precedent whereby "dress designers [can] secure protection for their dress styles by claiming a 'look' protectable as trade dress under trademark law." (App. 32; 165 F.3d at 134.) That expansion of monopoly protection should not become a part of the body of accepted trademark law, especially in light of the particular importance of the law in the Second Circuit to the clothing industry which continues to use New York City as its predominant locale for merchandising.

B. Samara's Claimed Trade Dress is Too Vague and Amorphous to Warrant Protection.

The majority understated the facts when they said that "[i]t is certainly true that at times Samara's witnesses had difficulty constructing a coherent statement of the 'overall look' of the [Samara] product line . . . ." (App. 14; 165 F.3d at 127.) The Samara designer testified, "It's hard to put into words, but there is a look." (Trial tr. at 151.) She stated that "[t]he appliqued seersucker product is what Samara is known for in the children's

wear industry." (Trial tr. at 130.) Samara's Vice President of Sales and only other design witness further described that "appliqued look" as follows:

> The appliques are kind of all rounded type of feel edges on them. . . . [W]e wouldn't put something with rectangles or so into the scallop and change the feel of what we're trying to accomplish here. The rickrack and collar and pockets, it's getting the right shapes and sizes to fit into the collar and not overwhelm the whole design and picking the colors that we feel look correct on each product category. . . . [V]ery understated and eye-pleasing and soft colors . . . gentle colors.

(Trial tr. at 221-22.).

That witness, like the designer, was unable to articulate a precise definition of the "look": "Q: What would make the Samara look? A: It's just the feel of the garment. It's something that you have to understand being their doing it for 15 years . . . ." (Trial tr. at 262.) He amplified on the supposed "look" by stating that

> Samara . . . clothing has very large, colorful, distinct full appliques. The placement of the appliques are such that it's an integral part of the design. They use probably a little better fabrics and their clothes are very classic . . . . [Y]ou can recognize a Samara [b]ecause the appliques are so distinctive . . . . Q: Is it just the applique that identifies the Samara garment to you? A: No, it's the whole, the way it's placed.

(Trial tr. at 534-35.) "The Samara look is a combination, not only of the appliques, but plus the quality of the fabric they use. It's where they place the appliques and it's a combination of clean look. It all goes to incorporate what we consider a Samara look. It's not just appliques." (Trial tr. at 557.)

The trial judge, as well as the Court of Appeals, recognized that the trade dress definition offered by Samara was too vague to be allowed. It simply did not identify a common thread that was source-identifying. Judge Chin specifically refused to include any provision in the injunction based on claims of trade dress, finding that "Samara has not been able to suggest sufficiently specific language." (App. 54; 969 F. Supp. at 901.)

The Court of Appeals recognized that the trial court had failed to adequately define the protected look and therefore crafted an entirely new definition. Wal-Mart's submits that when the trial court cannot find "sufficiently specific language" to describe the trade dress for purposes of an injunction and the Court of Appeals has to fashion a new definition, the alleged "look" is necessarily based on a vague and amorphous definition of trade dress that cannot stand. Allowing trade dress protection for such an amorphous description will inevitably chill competition.

II.

THE COURT OF APPEALS' REDEFINING THE TRADE DRESS TO SALVAGE A JURY VERDICT WAS ERROR AND DEMONSTRATES THE NEED FOR CLARITY ON THE RESPECTIVE RESPONSIBILITIES OF THE JUDGE AND JURY.

A. The Redefining Was Error.

The Court of Appeals found that at least part of the jury verdict was based on a legally impermissible concept of Samara's protectable trade dress. The majority correctly recognized that the garments the jury had found to embody the protected trade dress were a collection of designs that lacked a common theme. The majority therefore properly rejected the jury verdict. But the Court proceeded to salvage the jury's flawed verdict by crafting its own articulation of the protectable trade dress and modifying the judgment to fit that new articulation.

The majority's error was compounded by the fact that the definition it developed was specifically rejected by Samara itself during the trial. The majority defines the protectable trade dress as encompassing:

> seersucker fabric; large bold appliques; large collars with the appliques generally integrated into the collar and any pockets on the garment; general absence of printed images, black outlines, alphanumeric characters, three-dimensional features or heavy ornamentation . . . and full-cut, one-piece conservative bodies.

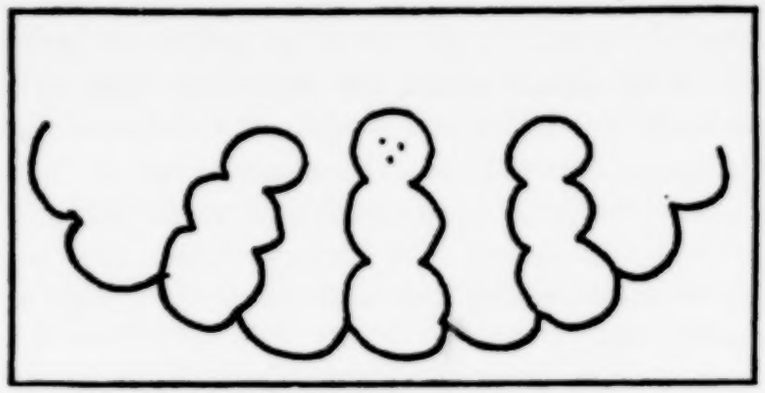
(App. 13; 165 F.3d at 126.). The Plaintiff never espoused this articulation. In fact, it was specifically **rejected** by Samara at trial.[4]

As the majority itself noted, Samara's complaint provided an "insufficient description of the . . . trade dress to qualify for protection." (App. 13 n. 2; 165 F.3d at 126 n. 2.). That initial insufficiency was never overcome during the trial. Samara articulated one definition of its allegedly protected trade dress in the complaint, a different version in its argument to the jury, yet a third version in its proposed injunction, and at least five conflicting articulations in their brief in the Court of Appeals. The majority compounded this consistent inconsistency by adopting yet another definition of Samara's protectable trade dress.

The majority's definition was raised at trial and specifically rejected by Samara's own witness during cross-examination. At trial Wal-Mart's counsel drew the following sketch of a collar

4. The majority in fact contradicted itself when it subsequently added the element of "vibrant colors" to the definition to be used by the District Court in re-fashioning an injunction. (App. 18; 165 F.3d at 128). The majority opinion cites no evidence in the record to support inclusion of that element in the protected trade dress.

and snowman applique design in the courtroom on a large presentation flip chart:



After Wal-Mart's counsel had completed that sketch, he asked the witness, who had been called by Samara, whether the drawing embodied "the Samara look" and the witness responded "not at all." (Trial tr. at 260.) Yet the majority's definition of the protected trade dress plainly encompasses that courtroom sketch: that design is a "row of three identically shaped and symmetrically placed appliques . . . integrated into the collar. . . ." (App. 18-19; 165 F.3d at 128.)

The invalidity of the majority's decision is further evidenced by the fact that the majority found that unless a garment was made of "seersucker fabric," it could not have the "Samara look" since seersucker fabric was an essential aspect of Samara's protectable trade dress. (App. 18, 20; 165 F.3d at 128-29.) The majority expressly remanded with instructions to modify the injunction to provide that "[t]he protected trade dress will include . . . seersucker fabric used exclusively." (App. 18; 165 F.3d at 128.)

That conclusion is, however, flatly inconsistent with the testimony of Samara's own witnesses. At trial, Samara's Vice-President of Sales was asked whether one would "have to have seersucker with this [design] for this to be the Samara look?"

He unequivocally replied, "No." (Trial tr. at 262.) It is simply untenable for an appellate court to conclude that an element is essential to Samara's protected trade dress when Samara itself disclaims any reliance on that element.

Wal-Mart submits that the majority opinion must necessarily be flawed when it adopts as the proper definition one that Samara's own witness specifically rejected. That flaw is, we submit, based on an impermissible desire to sustain the verdict despite the absence of evidence in the record to support the trade dress definition that has been newly crafted in the majority opinion.

In so acting the Court of Appeals set out on a novel, dangerous and improper procedural path. Where, as here, a jury verdict is based on a legally erroneous foundation, the Court of Appeals should vacate the flawed judgment. When the Court of Appeals instead dissects the judgment and sets aside only a portion, it effectively becomes a trial jury assessing damages. That practice justifies review by this Court.

B. The Redefining Demonstrates the Need to Clarify the Responsibilities of the Judge and Jury.

The Court of Appeals and the trial judge may have been influenced to allow this verdict by an unnecessarily wide concept of deference to a jury. The sufficiency of the evidence of a protectable trade dress raises an issue of law, not an issue of fact. Indeed, given the nature of the trade dress issues, it would be reasonable for this Court to conclude that the issue of whether trade dress is an indicator of source is one for the court itself to decide.

Trade dress issues are in significant ways similar to the issues faced by courts in patent cases. It is now clear that the construction of patent claims is a task for the court, not the

jury. *Markman v. Westview Instruments*, 517 U.S. 370 (1996). This Court reached that conclusion by careful attention to the proper functions of the court and the jury in intellectual property cases. The Court has recognized that there is a danger of extending the inherently monopolistic nature of intellectual property concepts if the scope of protection is left to the jury. Courts are to decide the legally proper limits of patent claims; the jury is to decide whether the defendant has infringed those limits as defined by the court.

The majority opinion plainly rejects any thought that the jury verdict in this case should be treated any different, for purposes of appellate deference, from any other jury verdict. Judge Newman, however, recognized that "the boundaries within which an issue is reasonably a fact issue for a jury are narrower in some contexts than in others." (App. 36; 165 F.3d at 135.) He recognized that a finding of protectability of trade dress differs significantly from a finding of historical fact. Protectable trade dress is a legal, not factual, concept. As such it should be reviewed *de novo* by the court of appeals. While it may be an issue properly submitted to the jury in the first instance, it is one properly viewed with fresh eyes on appeal.

III.

NEW YORK STATE LAW IS PREEMPTED BY THE COPYRIGHT ACT.

The Copyright Act explicitly preempts all state laws that protect "legal or equitable rights that are equivalent to any of the exclusive rights **within the general scope** of copyright as specified in" federal law. 17 U.S.C. § 301(a) (emphasis added). In this case the jury found that Wal-Mart's copying of Samara's designs had violated New York's common law of unfair competition and the New York General Business Law § 349. Those state laws also served as a basis for generous attorneys fees. The Court of Appeals upheld the jury verdict on these

claims. Both state law claims are, we submit, preempted by the Copyright Act.

The Second Circuit has repeatedly held "that unfair competition . . . claims grounded solely in the copying of a plaintiff's protected expression are preempted by section 301." *Computer Associates Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693, 717 (2d Cir. 1992); *Walker v. Time Life Films, Inc.*, 784 F.2d 44, 53 (2d Cir.), *cert. denied*, 476 U.S. 1159 (1986); *Warner Bros., Inc. v. American Broadcasting Cos.*, 720 F.2d 231, 247 (2d Cir. 1983); *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905, 919 (2d Cir. 1980). This case is just such an unfair competition case.

Samara's common law unfair competition claim is a copycat of its copyright claims and alleges nothing more, in its essence, than the act of copying. Prior Second Circuit decisions had recognized that some forms of unfair competition will have an "extra element" beyond mere copying and thus are not pre-empted. "These [non-preempted claims] include unfair competition claims based on breaches of confidential relationships, breaches of fiduciary duties and trade secrets." *Computer Associates*, 982 F.2d at 717 (citation omitted). There is no such claim of breach of duty or theft of trade secrets in this case. Samara's common law claims are nothing more nor less than copyright claims in state law clothing.

Samara's claim under the New York General Business Law is similarly defective. The jury instruction on this claim was plain and simple. The jury was told that "[i]f you find that Samara has proved that Wal-Mart has engaged in deceptive business practices, you should find in favor of Samara . . . ." (Trial tr. at 679-80.) Judge Chin specifically defined a deceptive trade practice as "acts and practices with respect to the sale of clothing that infringed Samara's copyrights . . ." and thus effectively equated, in the jury's mind, copyright liability with liability under the General Business Law. Preemption by the Copyright Act could not be clearer. Since the state law claim

was defined solely in terms of a violation of the federally protected right, the state claim falls squarely within the scope of the federal preemption.

The Court of Appeals mistakenly concluded that the state law claims had an "extra element" that avoided preemption. The Court concluded that "intentional deception" was an extra element of the state law claims that was not present in the federal claims. (App. 26; 165 F.3d at 131.) The Court distinguished its own prior decisions that had rejected any additional element of the defendant's state of mind as a reason to avoid preemption by making the remarkable statement that " 'intentional deception' as charged refers to actual deceptive effect on consumers, not to Wal-Mart's state of mind." (*Id.*) That conclusion was simply wrong. No jury could have so distorted the common sense meaning of the language.

Samara's New York state law claims are based on misappropriation and copying and hence are preempted by federal copyright law. Samara's common law unfair competition claim seeks relief from Wal-Mart's "improper copying" and "unjustified misappropriation" of Samara's garments. (Amended Complaint at ¶ 55; *see also* Samara's Legal Contentions in Joint Pretrial Order at ¶¶ 1-2 ("By selling clothing which infringed Samara's copyrights in the Samara Designs and Samara's trade dress rights, Wal-Mart *misappropriated a commercial advantage* belonging to Samara.") (Emphasis added)). Because "this claim sounds in misappropriation, it is preempted by federal copyright law." *Arden v. Columbia Pictures Industries, Inc.*, 908 F. Supp. 1248, 1264 (S.D.N.Y. 1995).

Samara's GBL § 349 claim is also grounded in misappropriation and copying and, as such, is preempted by federal copyright law. Although Samara has characterized its GBL § 349 claim as alleging "passing off," Samara cannot disguise the gravamen of this claim, and, for that matter,

Samara's entire case — misappropriation and copying. Samara's trade dress claim parrots its copyright claim and, as explained by Samara in its opening statement, Samara's "theories of unfair competition and violation of various New York statutes . . . [are] basically just different ways of putting the same ideas into legalese." (Trial tr. at 33.) Through its state GBL § 349 claim, Samara seeks to protect federal rights that are already protected by federal copyright law. Thus, like Samara's state unfair competition law claim, the GBL § 349 claim "is necessarily preempted" because it seek to protect a right that is "coextensive with an exclusive right already safeguarded by the [Copyright] Act. . . ." *Harper & Row Publishers, Inc. v. National Enterprises, Inc.*, 723 F.2d 195, 201 (2d Cir. 1983), *rev'd on other grounds*, 471 U.S. 539 (1985).

IV.

REVIEW IS WARRANTED TO CORRECT THE ERROR IN EXTENDING THE SCOPE OF COPYRIGHT PROTECTION.

Samara claimed damages for infringement of 13 separate copyrights. On appeal, Wal-Mart challenged the validity of six of those 13, arguing that the designs lacked sufficient originality to justify protection. The Court of Appeals majority rejected the argument, found that "Wal-Mart provided no evidence at trial challenging the validity of the copyright registrations" and therefore affirmed the entire copyright judgment. (App. 28-29; 165 F.3d at 132.) This decision was simply wrong.

As Judge Newman pointed out, a party challenging a copyright for lack of originality need not, in a case like this, present any extrinsic evidence. (App. 40; 165 F.3d at 137) ("I would have thought a court could take judicial notice of the fact that the outline of an unadorned heart is sufficiently common to lack minimal originality. . . ."). When a copyright issues to

cover a simple heart-shaped design, the lack of originality is self-evident, as it was to Judge Newman. (*See* Respondent's Exh. 6A, App. 63). In any event, Wal-Mart did submit evidence that the designs were not original, as Judge Newman noted. (App. 40; 165 F.3d at 137) (Wal-Mart exhibits were "ample evidence" of the lack of minimal originality).

The decision below extends copyright protection to the simplest rendition of three hearts, three strawberries, three daisies, and three tulips. As Judge Newman noted, these objects are "sufficiently common to lack minimal originality." (App. 40; 165 F.3d at 137.) This Court should reaffirm its decision in *Feist Publishing, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 345 (1991) (citations omitted), that a "minimal degree of creativity" is necessary to obtain a copyright and apply that principle to invalidate several of Samara's copyrights.

CONCLUSION

For the reasons stated above, Petitioner Wal-Mart respectfully submits that this Court should grant Wal-Mart's Petition for Writ of Certiorari in this action.

Respectfully submitted,

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APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT DATED, DECIDED AND FILED DECEMBER 28, 1998

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

August Term, 1997

(Argued: June 9, 1998 Decided: DEC 28, 1998)

Docket No. 97-7933(L), 97-9003(Con)

SAMARA BROTHERS, INC.,

Plaintiff-Appellee,

v.

WAL-MART STORES, INC.,

Defendant-Appellant.

BEFORE: NEWMAN and PARKER, *Circuit Judges*, and CARMAN*, *Chief Judge, U.S. Ct. of Int'l Trade*.

* * *

PARKER, *Circuit Judge*:

Appellant Wal-Mart Stores, Inc. ("Wal-Mart") appeals from a judgment of the United States District Court for the

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* The Honorable Gregory W. Carman, Chief Judge of the United States Court of International Trade, sitting by designation.

Southern District of New York (Denny Chin, *Judge*) entered July 17, 1997, after a jury trial, denying Wal-Mart's Motion for Judgment as a Matter of Law on appellee Samara Brothers' claims of violations of the Copyright Act, 17 U.S.C. § 101 *et seq.*, section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and New York deceptive trade and unfair competition laws. Wal-Mart also seeks a new trial claiming that the district court erred in its jury instructions.

I. BACKGROUND

Samara is a manufacturer of children's clothing. The core of Samara's business is its line of spring/summer seersucker children's garments. Wal-Mart is a national chain of retail stores which sells a variety of items, including children's clothes. In 1995, Wal-Mart contracted with Judy-Philippine, Inc. ("JPI") to have JPI manufacture for Wal-Mart a large quantity of children's seersucker garments to be offered for sale under Wal-Mart's house label, "Small Steps," in the 1996 spring/summer season. The samples on which the Wal-Mart buyers' orders of JPI garments were based were actually Samara garments. In other words, the Wal-Mart paperwork preparatory for placing an order bears photographs of the garments being ordered, and in many of those photographs the name "Samara" is readily discernible on the hangtags and/or neck labels of the garments.

When JPI manufactured the clothes, it copied sixteen of Samara's garments with some small modifications to produce the line of clothes required under its contract with Wal-Mart. Wal-Mart then sold these items in its stores under the "Small Steps" label. Samara holds copyright

registrations on thirteen of the sixteen garments copied. Sales of these items generated over $1.15 million in gross profits for Wal-Mart during the 1996 selling season.

In early June 1996, a buyer at J.C. Penney, one of a number of stores which sells Samara's clothing under contract with Samara, called Samara's offices to complain that she had seen Samara garments on sale at Wal-Mart for a retail price lower than J.C. Penney could charge under its contract with Samara. Samara advised the caller that it did not supply clothing to Wal-Mart. At that point, Samara representatives investigated the children's clothes racks at Wal-Mart and other similar stores — K MART, Caldor, Hills and Goody's — and determined that garments that appeared to be copies of Samara garments were being sold at each of the stores. Wal-Mart alone sold the JPI garments under its own house label. The other stores sold the garments under the JPI label, "Cuties by Judy."

After sending unsuccessful cease and desist letters, Samara brought suit against the stores and JPI asserting claims for copyright infringement, trade dress infringement, violations of the New York consumer fraud statute and the New York common law of unfair competition. Wal-Mart asserted cross-claims against JPI for indemnification. JPI and all of the defendant stores except Wal-Mart settled with Samara.

Samara's claims against Wal-Mart proceeded to a week-long trial at the conclusion of which a jury found Wal-Mart liable on each of Samara's four claims. The jury found that Wal-Mart had wilfully infringed Samara's rights, awarding

Samara $912,856.77 on the copyright claims, $240,458.53 for the Lanham Act violation and $50 for the state law violations. Wal-Mart then moved for judgment as a matter of law and Samara moved for injunctive relief, enhancement of damages, an award of attorneys' fees and prejudgment interest.

The district court denied Wal-Mart's motion, choosing to address by opinion the trade dress claim which the court stated was the most difficult issue in the case. *See Samara Brothers, Inc., v. Judy-Philippine, Inc.*, 969 F. Supp. 895 (S.D.N.Y. 1997). The district court granted Samara's request for injunctive relief, electing to draft its own injunction rather than accepting Samara's proposed injunction. The district court awarded Samara attorneys' fees of $275,000 and costs of $33,196 based on the Lanham Act and pendent state law judgments but denied the motion for enhancement of damages and prejudgment interest.

II. DISCUSSION

On appeal, Wal-Mart asserts that the district court erred in the following four decisions: (1) failing to set aside the verdict on the Lanham Act claim; (2) refusing to give Wal-Mart's requested jury instruction on labels in the clothes; (3) declining to find the state law claims preempted by the Copyright Act; and (4) rejecting the assertion that certain of Samara's copyrights are invalid as a matter of law.

A. *Standards of Review*

With the exception of the jury instruction claim, all issues raised on appeal arise from the district court's denial

of Wal-Mart's Motion for Judgment as a Matter of Law. This Court reviews a district court's denial of a Motion for Judgment as a Matter of Law "*de novo* and . . . view[s] the evidence in a light most favorable to the non-movant, granting that party every reasonable inference that the jury might have drawn in its favor." *Schlaifer Nance & Co. v. Estate of Warhol*, 119 F.3d 91, 98 (2d Cir. 1997). This Court "will set aside a jury's verdict and award judgment as a matter of law only when the evidence is such that, without weighing the credibility of the witnesses or otherwise considering the weight of the evidence, there can be but one conclusion as to the verdict that reasonable jurors could have reached." *Id.* (quotation and citations omitted). Judgment as a matter of law "is reserved for those rare occasions when there is such a complete absence of evidence supporting the verdict that the jury's finding could only have been the result o[f] sheer surmise and conjecture." *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1536 (2d Cir. 1992) (alteration in original, quotation and citations omitted).

Wal-Mart argues on appeal that we should not strictly observe this standard of review because the "trend" in intellectual property law is to reserve issues similar to the protectability of a claimant's trade dress as a task for the court, not a jury, to decide. For this proposition, Wal-Mart cites *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996). Without asking the Court to take the trade dress issue away from the jury, Wal-Mart seeks application by this Court of a lower level of deference for the jury's verdict in light of the so-called "trend" created by *Markman*.

We find no such "trend" reflected in the case law nor do we find any law to support enforcement of a more rigorous review of a jury verdict in a trade dress case. The Court in *Markman* held only that judges, not juries, are charged with construction of a patent, that is, deciding what the "words in the [patent] claim mean." *Id.* at 374 (quotation and citation omitted). The Court specifically noted, however, that "there is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago." *Id.* at 377. There is no language in *Markman* which would extend its holding to non-patent cases. As there is no written document to construe in a trade dress controversy, we see no reason to read *Markman* as impacting the jury's role in those cases.

Our sister circuits have also recognized the "fact sensitive" nature of the trade dress inquiry. *See, e.g., Ambrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1535 (11th Cir. 1986). Moreover, there is no reason, in our view, to lack confidence in the ability of a jury, when presented with a trade dress claim, to consider thoughtfully the evidence presented and to evaluate that evidence under the standards charged by the district court.[1] Our system relies on juries to perform these tasks even when the factual issues are challenging and subtle.

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1. We also find no reason to believe that a jury cannot distinguish between the protections afforded by the Lanham Act and those afforded under the Copyright Act. *See, e.g., Keystone Retaining Wall Systems, Inc. v. Westrock, Inc.*, 997 F.2d 1444, 1447 n.2 (Fed. Cir. 1993) (jury verdict rejecting plaintiff's trade dress claim but finding in favor of plaintiff on copyright claim).

As to the standard of review with respect to Wal-Mart's jury instruction claim, this court has held that "[a] jury instruction is erroneous if it misleads the jury as to the correct legal standard or does not adequately inform the jury on the law. An erroneous instruction requires a new trial unless the error is harmless." *United States v. Masotto*, 73 F.3d 1233, 1238 (2d Cir.) (quotation and citations omitted), *cert. denied*, __ U.S. __, 117 S.Ct. 54 (1996).

B. *Lanham Act Claim*

Section 43(a) of the Lanham Act provides a cause of action against any person who:

> in connection with any goods . . . or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive . . . as to the origin, sponsorship, or approval of his or her goods . . . by another person.

15 U.S.C. § 1125(a). This Court has noted that the purpose of trade dress law is "to protect an owner of a dress in informing the public of the source of its products, without permitting the owner to exclude competition from functionally similar products." *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 33 (2d Cir. 1995).

To recover for trade dress infringement under Section 43(a), a plaintiff must prove two elements: (1) that its trade

dress is protectable because (a) it is inherently distinctive or (b) it has acquired distinctiveness by achieving a "secondary meaning" in the marketplace; and (2) that there is a likelihood of confusion between its product and the defendant's product. *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 999 (2d Cir. 1997).

Wal-Mart argues that as a matter of law Samara's Section 43(a) claim fails for two reasons: (1) Samara's clothes are not so "distinctive as to source" as to be entitled to trade dress protection, and (2) the goods sold by Wal-Mart did not create "confusion among consumers" as to the source of the goods. Samara answers that there was sufficient evidence in front of the jury that its line of seersucker children's clothing is source-identifying in the designs and that the evidence showed that Wal-Mart's wilful pirating of Samara's designs constituted confusion in the marketplace as to the source of the goods. We agree with Samara that the jury's trade dress verdict should be affirmed.

1. *Distinctiveness of Samara's Clothes*

At the outset, we note that there is no assertion in this case that Samara's seersucker garments have acquired "secondary meaning" in the marketplace. Rather, at issue in the first instance is whether the garments are "inherently distinctive." Moreover, although trade dress protection is often sought for a product's packaging (e.g., the Toilet Bank's display box in *Fun-Damental Too*), Samara seeks protection for the design of its garments, which is more difficult to obtain.

In two recent opinions authored by Judge Oakes, *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (2d Cir. 1995) and *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373 (2d Cir. 1997), this Court addressed the analysis of "distinctiveness" in product design cases. In both cases, we determined that the relevant question in assessing the inherent distinctiveness of a product's design is "whether the design was likely to be understood as an indicator of the product's source." *Landscape Forms*, 113 F.3d at 378 (citing *Knitwaves*, 71 F.3d at 1008).

Wal-Mart argues that the facts of this case are indistinguishable from those of *Knitwaves*, in which we declined to extend trade dress protection to the "fall motif" design on two sweaters manufactured by Knitwaves, Inc. Finding that the designs served an aesthetic, not a source-identifying, purpose, this Court noted that the designs failed to meet the statutory requirement "that a person 'us[e]' or 'inten[d] to use' the mark 'to identify and distinguish his or her goods . . . . from those manufactured or sold by others and to indicate the source of the goods.' " *Knitwaves*, 71 F.3d at 1008 (alteration in original) (quoting *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 162 (1995); 15 U.S.C. § 1127). Subsequently, this Court observed that "there was no reason to believe that the designs were likely to be understood as an indication of the manufacturer of the sweaters." *Landscape Forms*, 113 F.3d at 378 n.3.

We find the record in this case entirely distinguishable. Here, the jury heard the testimony of Samara's Vice-President for sales that Samara chose to design its line of spring/summer seersucker children's clothes using

consistent design elements so that the look would be identified with Samara, building brand loyalty. Samara has produced this very same product line for years, and it represents, according to the witness's testimony, "the core [of Samara's] business" and the "lifeblood of the company." When Samara has produced other lines of clothes reflecting different designs, its sales have suffered. In *Knitwaves*, by contrast, the two sweaters were part of a line of fall clothes that had never before been manufactured by Knitwaves nor did the evidence reveal any intent on the part of Knitwaves to establish the "fall motif" as its core product by which it would be recognized in the marketplace. Thus, *Knitwaves* does not provide a basis upon which to afford Wal-Mart judgment as a matter of law.

On the other hand, we do find, at Wal-Mart's urging, substantial similarities between this case and *Landscape Forms*. However, in the end we find that the reasoning of *Landscape Forms* leads to a different conclusion in this case. Wal-Mart contends that analogous to the description of the furniture's trade dress in *Landscape Forms*, the portrayal in the trial record of Samara's "overall look" is too vague and insufficiently articulated to qualify for trade dress protection. The Court in *Landscape Forms* discussed the uphill battle that a plaintiff confronts when seeking trade dress protection for an entire line of products noting that:

> a trade dress plaintiff seeking to protect a series or line of products faces the particularly difficult challenge of showing that the appearance of its several products is sufficiently distinct and unique to merit protection as a recognizable trade

> dress. Furthermore, a claim of trade dress covering an array of items is likely to be broader than one for an individual product's design. Accordingly, when protection is sought for an entire line of products, our concern for protecting competition is acute.
>
> Saying this, we still recognize that there is no question that trade dress may protect the "overall look" of a product. Thus, "[a]lthough each element of a trade dress individually might not be inherently distinctive, . . . the combination of elements" may be indicative of source. Nonetheless, focus on the overall look of a product does not permit a plaintiff to dispense with an articulation of the specific elements which comprise its distinct dress. Without such a precise expression of the character and scope of the claimed trade dress, litigation will be difficult, as courts will be unable to evaluate how unique and unexpected the design elements are in the relevant market. Courts will also be unable to shape narrowly-tailored relief if they do not know what distinctive combination of ingredients deserves protection. Moreover, a plaintiff's inability to explain to a court exactly which aspects of its product design(s) merit protection may indicate that its claim is pitched at an improper level of generality, i.e., the claimant seeks protection for an unprotectable style, theme or idea.

Landscape Forms, 113 F.3d at 380-81 (alteration in original, citations omitted).

At issue in *Landscape Forms* was the legitimacy of a preliminary injunction which had issued from the trial court. The injunction prohibited the defendant, a furniture manufacturer, from marketing a line of outdoor furniture that the plaintiff, Landscape Forms, Inc., claimed violated its trade dress. Landscape Forms Inc., resembling Samara here, sought protection for the "overall look" of its furniture which it claimed was distinctive as to source. It described its furniture in its appellate brief as follows: the trade dress "incorporates large three-inch tubing, with a powdered cosmetic finish, bent in gentle turns that roll around the perimeter of the furniture which in combination with the various seating surfaces gives the viewer a floating or suspended feeling." *Id.* at 381.

The Court found that the descriptions "fail to indicate what unique combination of features makes the trade dress of the ten items in the [Landscape Form's product line] inherently distinctive under the *Knitwaves* test, i.e., likely to be perceived by consumers as bearing the stamp of their maker." *Landscape Forms*, 113 F.3d at 381-82. Further, the general notion of furniture "which is at once massive, yet appears to float" was too abstract to qualify as trade dress. *Id.* at 382.

In this case we find that the evidence adduced at trial sufficiently depicts the "distinctive combination of ingredients" in Samara's trade dress, warranting protection

under Section 43(a).[2] *Id.* at 381. Those specific design elements in the record, from designer Kathy Gosda's testimony, included the typical use of: seersucker fabric; large bold appliques; large collars with the appliques generally integrated into the collar and any pockets on the garment; general absence of printed images, black outlines, alphanumeric characters, three-dimensional features or heavy ornamentation (such as bibs or fringe) which are frequently used in children's clothing; and full-cut, one-piece conservative bodies.

This level of specificity appears to meet the concerns raised by *Landscape Forms*. There, the only unifying feature in the furniture was the use of a three-inch pipe or tube and even that was not used for some of the items in the product line (e.g., the trash cans). *Landscape Forms*, 113 F.3d at 382. Further, it was admitted by the president of Landscape Forms, Inc., that the bent tubes are commonly used in outdoor furniture. *Id.* In the end, the only "specifics" common to all of the products in the line were that they had the appearance of being "substantial" yet "light" as if the products were "floating." *Id.* at 381-82.

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2. In its brief on appeal, Wal-Mart counsels us to focus first on Samara's complaint as proof of the "totally amorphous nature" of its trade dress claim. We agree that the complaint provides an insufficient description of the "inherent distinctiveness" of the trade dress to qualify for protection. We note, however, that the jury was presented with far more than allegations of the complaint. We cannot look at the complaint in a vacuum; rather, we must focus on all of the evidence adduced at trial, including dozens of garments submitted by both parties, when reviewing the jury's conclusions.

It is certainly true that at times Samara's witnesses had difficulty constructing a coherent statement of the "overall look" of the product line based on the above-listed design elements. They often resorted to calling the look "simple," "elegant" or "conservative." However, as a whole, the record divulges the specific elements mentioned above which, when combined, create a distinctive overall look. The jury was entitled to rely on that testimonial evidence as well as its own analysis of the dozens of garments displayed at trial to conclude that Samara's product line is "inherently distinctive." In fact, one of Wal-Mart's buyers testified that he could recognize the "Samara type of look" when looking at garments.[3] Thus, viewing the evidence in

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3. There is some debate between the parties about this testimony from Mr. Kleist, one of Wal-Mart's buyers. Mr. Kleist was asked on re-cross about the JPI samples he viewed when ordering garments from Wal-Mart. It is undisputed that some of those samples were Samara garments and had Samara labels. Mr. Kleist testified that he did not remember which garments had labels. He was then asked "Did you recognize any of these garments as being Samara garments?" He replied, "I recognized the Samara type of look but do I know if they had Samara labels in them, no." We agree with the district court that this response indicates that Mr. Kleist recognizes that there is a "Samara type of look."

Wal-Mart argues that it is unfair to rely on the testimony of a professional buyer for recognition of the "look" because, Wal-Mart notes in its reply brief, our case law makes clear that to prove "actual confusion in a Lanham Act claim, the evidence must show confusion among consumers, not among experts like professional buyers" citing *Perfect Fit Industries, Inc. v. Acme Quilting Co.*, 618 F.2d 950, 955 (2d Cir. 1980). We agree such is the case as to

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a light most favorable to Samara, as to the "distinctiveness" issue this is not one of those "rare occasions when there is such a complete absence of evidence supporting the verdict that the jury's finding could only have been the result o[f] sheer surmise and conjecture." *George Basch Co.*, 968 F.2d at 1536 (alteration in original, quotation and citation omitted).

2. *Consumer Confusion*

Wal-Mart next contends that it is entitled, as a matter of law, to judgment in its favor because Samara failed to show "consumer confusion" caused by the Samara knock-offs sold by Wal-Mart. "Consumer confusion" may be proved directly by evidence of actual consumer confusion or indirectly by a showing that the copier intended to deceive consumers as to the source of the goods. *See Resource Developers, Inc. v. Statue of Liberty-Ellis Island Foundation, Inc.*, 926 F.2d 134, 140 (2d Cir. 1991). Intentionally deceptive conduct thus serves as a proxy for actual consumer confusion, raising a rebuttable legal presumption that the actor's intent to confuse will be successful. The burden then "shifts to the defendant to demonstrate the absence of consumer confusion." *Id.*

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actual confusion. However, the district court did not use Kleist's testimony as a basis for a finding of actual confusion. Rather, Kleist's testimony simply supports the jury's verdict that there is a distinct identifiable Samara look. Even if such a look exists, Samara still is burdened with demonstrating actual consumer confusion or intent to deceive consumers in order to obtain protection under section 43(a).

Samara does not assert that the evidence supports a finding of actual confusion; rather, it argues that there is sufficient evidence in the record to support the jury's determination that Wal-Mart deliberately sought to deceive customers as to the source of the goods. Because Wal-Mart failed to rebut the resulting presumption of consumer confusion, Samara argues that the jury's conclusion should be upheld.

We agree that ample evidence supports the finding that Wal-Mart's marketing of the knock-offs was willful piracy with an intent to deceive consumers as to the source. That evidence includes the fact that a Wal-Mart representative specifically requested that JPI create seersucker garments based on Samara samples (among other samples); the garments Wal-Mart subsequently ordered from JPI were, as admitted by a Wal-Mart witness, "strikingly similar" to the Samara garments; the breadth of copying was significant as Wal-Mart sold not one but sixteen garments that were practically identical to Samara clothes; and Wal-Mart buyers knew that Samara clothes were being copied.

Wal-Mart admits on appeal that "Samara adduced evidence that Wal-Mart knew that it was buying garments that its vendor had copied" but argues, as it did below, that there was no evidence that Wal-Mart intended to deceive its customers as to the source of the products. Wal-Mart notes that there were no signs, labels or other indications that the clothes were Samara brand, pointing to this Court's decision in *George Basch Co.*, 968 F.2d at 1536, for the proposition that there is an "essential distinction . . . between a deliberate attempt to deceive and a deliberate attempt to

compete" and that a plaintiff must show more than an intent to imitate the trade dress.

In our view, the *extent* of the copying coupled with the intent to copy demonstrates the intent to deceive customers. As Professor McCarthy's treatise, *McCarthy on Trademarks and Unfair Competition* § 8:19 (4th Ed. 1996), notes, "[c]lose similarity of trade dress in a plethora of detail raises a serious question of copying and intent to confuse customers. In such a situation, all heads turn to the defendant to hear some explanation." The extensive copying here reveals Wal-Mart's intent to take the Samara product line as its own, drawing customers to the clothes under the pretense that they were Samara's.

In light of the extensive copying, Wal-Mart was required to come forward with some explanation of its conduct, which it has utterly failed to do. Wal-Mart does argue that its use of its own labels in the garments alerts customers that the garments are not Samara brand. This Court has held that labels alone cannot insulate an infringer. *See Bristol-Myers Squibb Co. v. McNeil P.P.C., Inc.*, 973 F.2d 1033, 1047 (2d Cir. 1992) ("We do not mean to intimate that the distinctive elements of any trade dress may be freely appropriated as long as the junior user clearly identifies the source of the goods."). Thus, the jury's conclusion that Wal-Mart violated Section 43(a) of the Lanham Act is supported by the trial record.

3. *The District Court's Injunction*

Although we affirm the jury's verdict on trade dress, we cannot endorse the trade dress injunction fashioned by

the district court. Faced with an overly broad proposed injunction requested by Samara, the district court chose to craft its own injunction which prohibits Wal-Mart from infringing Samara's trade dress by:

> manufacturing, purchasing, selling, or otherwise distributing any garments (i) copied, directly or indirectly, from any Samara garment, or (ii) bearing appliques or applique combinations, designs, or placements copied, directly or indirectly, from any Samara garment, or (iii) designed using any Samara garment as a source.

Samara Brothers, Inc., 969 F. Supp. at 901. In failing adequately to describe Samara's trade dress, the district court granted Samara far too much protection. As written, the injunction forbids Wal-Mart from affixing on a garment any Samara applique no matter how basic the design. This turns trademark law on its head. After discussing at length that Samara's designs are protected because they are "inherently distinctive," the district court granted protection for any and all designs regardless of their inclusion of the distinctive Samara design elements.

We will endeavor, therefore, to outline with specificity the boundaries of Samara's protected trade dress so that on remand the district court can refashion a suitable injunction. The protected trade dress will include most if not all of the following elements: seersucker fabric used exclusively; two or three identically shaped and symmetrically placed cloth appliques (not screen printed) substantially similar to appliques displayed on Samara clothing in vibrant colors

integrated into the collar (which is typically large and white), collar line and/or pocket(s) (if any); single-piece, full-cut bodies; and the absence of three dimensional features, outlines and words.

Essential to the "Samara look" is the method by which the design elements are combined on the garments. It is that amalgamation of the elements, what the *Landscape Forms* opinion termed a "distinctive combination of ingredients," which creates the uniform, protectable Samara look.[4] *See also Jeffrey Milstein, Inc.*, 58 F.3d at 32 ("Although each element of a trade dress individually might not be inherently distinctive, it is the combination of elements that should be the focus of the distinctiveness inquiry."). In particular, the placement of the appliques, typically a row of two or three, along the collar or collar line of the garment and on any pockets is essential to the look.

With that said, not all of Samara's garments submitted into evidence at trial qualify for protection under the Lanham Act. Some garments (three of the forty-three submitted as trial exhibits and two of the sixteen in the product line pirated by Wal-Mart) had so few of the described design elements that to afford them protection would mean awarding Samara a monopoly on all seersucker

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4. The dissent takes each design element and dissects it individually. Noting, for example, that "seersucker fabric is not at all distinctive" and "large bold appliques are a common design feature." Dissent, *infra* at ***[page 4]***. While that may be true, it is the combination of the five design elements that creates the protected Samara look, not any element in isolation.

children's clothing with appliques placed anywhere on the garment. The unprotected garments typically have one large applique on the chest or lower front of the garment rather than presentation of the applique at the collar line or integrated into a large white collar.

We do not mean to suggest, however, that in order to gain protection each garment must contain identical specified design elements. We expect that in a product line there will be inevitable variation in the products.[5] *See Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268 (10th Cir. 1988) (upholding an injunction protecting a line of greeting cards with several design elements, including a variety of colors and placements of designs "some or all of" which comprised the overall look of the card). Thus, the fact that some garments have two appliques, some have three, and a few have one applique which is fully integrated into the collar is not dispositive of the protectability of the outfits. On the other hand, where the garment does not incorporate a major design element (i.e., does not use seersucker fabric or does not have the appliques incorporated into either a full collar or the collar line of the garment) no protection is warranted.

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5. The dissent notes that four of the fourteen garments do not have the appliques integrated into the collar or collar line. We agree that two of the outfits, the boys' garments, have the three identically shaped and symmetrically placed appliques running across the chest of the outfit. This variation is just the sort of variation that we would expect to see in a product line. The remaining twelve garments each have the appliques integrated into the collar, or where there is no collar, into the collar line.

In light of these restrictions on the protected trade dress, we are confident that there will be no resultant market foreclosure. We have taken heed that "when protection is sought for an entire line of products, our concern for protecting competition is acute," but we nevertheless remain certain that there are countless possibilities for combining appliques and seersucker in children's clothing. *Landscape Forms*, 113 F.2d at 380; *see also Hartford House, Ltd*, 846 F.2d at 1274 ("Blue Mountain has not been granted exclusive rights in an artistic style or in some concept, idea, or theme of expression. Rather, it is Blue Mountain's specific artistic expression, in combination with other features to produce an overall Blue Mountain look, that is being protected.") (footnote omitted). In fact, Samara and Wal-Mart presented the jury with many seersucker garments with appliques from other manufacturers who used those elements without infringing Samara's trade dress.

In sum, we are mindful of our role in reviewing the denial of a Motion for Judgment as a Matter of Law. We are duty-bound to affirm the jury's verdict unless there is a complete absence of evidence to support it. We agree with the district court that although the trade dress claim is difficult, the jury's verdict is supported by the record.

4. *Alteration of Damages Award*

As noted above, we find that two of the sixteen garments at issue are not part of Samara's protectable trade dress. These two garments have a single applique (a tow truck in one instance and a circus car with animals in the other instance) on the center of the garment with no collar or

pockets. For one of these garments, the outfit with the circus car applique, Samara also does not hold a copyright registration. However, Samara was awarded $68,633.53 for the trade dress infringement of that outfit.

The jury awarded Samara $912,856.77 in lost profits as a result of Wal-Mart's infringement of the thirteen Samara copyrights. This total award represents the sum of the lost profit for each of the thirteen garments. Appropriately included in this copyright infringement award was an award of $34,534.33 for the boy's garment with the single tow truck applique. Advised not to duplicate the damage awards, on the trade dress claim the jury awarded Samara $240,458.53 for its lost profits for the remaining three outfits which included the garment with the circus car applique. Because we have determined that the garment with that applique is not protected as part of Samara's trade dress, the damage award for lost profits on that garment (in the amount of $68,633.53) must be reversed.

C. *The Jury Instructions*

Wal-Mart next argues that a new trial on the Lanham Act claim is required because the district court erred in failing to include in the jury instructions Wal-Mart's proposed instruction on labeling.[6] In particular, Wal-Mart

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6. Wal-Mart also contends that the jury verdict on the Lanham Act claim is questionable and should be reviewed without deference because the district court charged the jury to employ the analysis set forth in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976) which we observed in *Landscape Forms*, (Cont'd)

requested that the jury charge include the following: "if the label, and not the overall appearance of the product, provides consumers with the impression that it is a Samara product, then plaintiff has not proved that it has a protectable trade dress."

Because Wal-Mart failed to properly raise this request with the district court, it is waived. The requested instruction on labeling was included in Wal-Mart's proposed instructions; however, it was not in the charge (drafted by the district court) discussed during the charging conference, and Wal-Mart did not raise the labelling issue during the charging conference despite a discussion of a number of other issues.

This Court held in *Caruso v. Forslund*, 47 F.3d 27, 31 (2d Cir. 1995) that merely submitting a proposed jury instruction is not enough to preserve the objection except where the party has made its position known to the trial court and "the trial court has made clear that an objection

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does not "make sense" to apply in design, as opposed to packaging, trade dress cases. *Landscape Forms*, 113 F.2d at 378. We do not believe the inclusion of the *Abercrombie* factors in the jury instructions provides cause to doubt the verdict. *Landscape Forms*, was decided after the jury verdict was reached in this case. Although it is true that the jury charge focuses in part on the *Abercrombie* categories, the charge made clear that distinctiveness is measured by whether the product is source-identifying and that the jury had to consider the "combination of elements forming the product's overall appearance rather than examining each element separately," both of which are the primary elements of the analysis set out in *Landscape Forms*.

would be futile." As an example of such an exception, the *Caruso* Court pointed to this Court's decision in *Anderson v. Branen*, 17 F.3d 552 (2d Cir. 1994). There, the plaintiffs had included the proposed charge in the jury instruction and discussed the proposal at the charging conference during which the judge agreed to the charge. The judge failed to include the instruction in the charge. After the charge, the judge told counsel that they did not need to object "if this is something that we raised the other day." *Id.* at 557. The Court found that no waiver occurred because a further objection would have been futile.

Wal-Mart asserts in its reply brief that this case is indistinguishable from *Anderson*. Wal-Mart notes that, like the *Anderson* plaintiffs, it included the instruction in its proposal and, as in *Anderson*, at the conclusion of the charging conference the district court stated that "[y]ou do not need to repeat any of the prior objections or suggestions that I rejected. Those are deemed already made. If you want to add anything else I will be happy to listen." The problem with Wal-Mart's analysis is that it leaves out the key piece of the *Anderson* decision — that is, that the plaintiffs there specifically raised the objection in the charging conference in addition to having it in their proposed instructions, and the judge agreed, but failed to actually include the instruction in the charge. Here, Wal-Mart failed to raise the issue at the conference. Judge Chin's statement that objections need not be "repeated" is clearly linked to the issues that had been raised once at the charging conference.

Having failed to make its position known to the district court at the charging conference, Wal-Mart's claim is

waived under *Caruso*. Wal-Mart does not argue that the district court committed plain error nor do we find evidence of plain error. Thus, no new trial is warranted on this ground.

D. *Preemption of the State Law Claims*

We turn next to the question of preemption. Wal-Mart contends that the Copyright Act preempts the New York common law unfair competition claim and the New York General Business Law § 349 claim asserted by Samara. We disagree. The Copyright Act preempts all state laws that protect "legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified" in the federal statute. 17 U.S.C. § 301(a).

To decide whether a state law claim is preempted, this Court employs the "extra element" test which holds that:

> [I]f an "extra element" is "required instead of or in addition to the acts of reproduction, performance, distribution or display, in order to constitute a state-created cause of action, then the right does not lie 'within the general scope of copyright,' and there is no preemption."

Computer Assocs. Int'l, Inc. v. Altai, Inc., 982 F.2d 693, 716 (2d Cir. 1992) (quoting 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 1.01[B]). The extra element must change the "nature of the action so that it is *qualitatively* different from a copyright infringement claim." *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523, 1535 (S.D.N.Y. 1985). Further, "we have held that unfair

competition and misappropriation claims grounded solely in the copying of a plaintiff's protected expression are preempted by section 301." *Computer Assocs. Int'l, Inc.*, 982 F.2d at 717.

General Business Law § 349 is a consumer protection statute which prohibits deceptive acts or practices in the conduct of business. *See Teller v. Bill Hayes Ltd.*, 213 A.D.2d 141, 630 N.Y.S.2d 769, 772-73 (2d Dep't 1995). When rejecting Wal-Mart's preemption claim, the district court found the extra element under § 349 to be a finding of "intentional deception" of consumers. We agree that "intentional deception" constitutes an extra element not required in a copyright infringement claim. *See Nimmer on Copyright* § 101[B][1][e] ("Similarly, crucial to liability under a deceptive trade practices cause of action is the element of misrepresentation or *deception*, which is no part of a cause of action for copyright infringement.") (emphasis added).

Wal-Mart argues that this Court's prior statement in *Computer Assocs. Int'l, Inc.*, that "[a]n action will not be saved from preemption by elements such as awareness or intent, which alter 'the action's scope but not its nature,' " 982 F.2d at 717, requires us to hold that "intentional deception" does not constitute an extra element. We believe that "intentional deception" as charged refers to the actual deceptive effect on consumers, not to Wal-Mart's state of mind. Thus, the § 349 claim is not preempted.

Similarly, Samara's common law unfair competition claim is not "grounded solely in the copying of a plaintiff's

protected expression." *Id.* The district court charged the jury that for Samara to succeed on the unfair competition claim it had to find that "Wal-Mart's actions caused actual confusion, in the minds of consumers, between Samara's clothing and Wal-Mart's infringing clothing, to the detriment of Samara." Like the requirement of "intentional deception," "actual confusion" constitutes an extra element.

Wal-Mart argues that if we accept that "actual confusion" comprises the "extra element," we must find that Samara's unfair competition claim fails as a matter of law because the district court in its opinion stated that "Samara did not prove actual confusion." *Samara Brothers, Inc.*, 969 F. Supp. at 899. It is true that Samara did not prove actual confusion by the typical means of consumer surveys showing that consumers thought the Wal-Mart garments were Samara garments. Instead, Samara proved, as described *supra* II(B)(2), that Wal-Mart engaged in intentional deception when it employed massive copying of Samara's outfits.

The district court instructed the jury that it was entitled to "presume that there was actual confusion if Samara shows that Wal-Mart engaged in intentional deception" unless Wal-Mart rebuts that presumption. *See Perfect Fit Industries, Inc. v. Acme Quilting Co., Inc.*, 618 F.2d 950, 954 (2d Cir. 1980). Wal-Mart failed to rebut the presumption that consumers were confused. As a result, the record does support a finding of actual confusion.

In sum, Samara's state law claims are not preempted.

E. *The Validity of Certain of Samara's Copyrights*

The final issue for our review is the validity of five of the Samara copyrights in light of Wal-Mart's argument that the designs lack sufficient originality to justify protection under the Copyright Act. Specifically, Wal-Mart claims that the copyrights which protect the appliques of strawberries (two separate appliques), daisies, hearts and tulips are unoriginal.

Each of the challenged copyrights is registered with the U.S. Register of Copyrights. A certificate of registration "constitutes *prima facie* evidence of the validity of a copyright, 17 U.S.C. § 410(c), though that presumption may be rebutted." *Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 763 (2d Cir. 1991). We review "the trial court's determination of originality under a clearly erroneous standard." *Id.*

In *Folio Impressions* this Court awarded protection to a design of a series of roses, a common shape, placed in straight lines on an ornate background and turned so that the roses faced in various directions. We first recognized protection for the rose design itself separate from its arrangement on the background. Although the rose is a common shape, we noted that because there was a valid registration, the rose had a "presumption of validity" and the defendants "offered no proof at trial to overcome this presumption." *Id.* We must find the Samara designs similarly original. Their registrations provide a presumption of validity which Wal-Mart has failed to overcome. Wal-Mart provided no evidence at trial challenging the validity

of the copyright registrations. Specifically, it failed to adduce evidence to show that the works were not "independently created by its author, and not copied from someone else's work." *Id.* at 764.[7]

We do note that copyrights depicting familiar objects, such as the hearts, daisies and strawberries in Samara's copyrights, are entitled to very narrow protection. *See Folio Impressions*, 937 F.2d at 765. It is only the virtually identical copying, such as the copying in this case, which will result in a successful claim of infringement of familiar objects.

III. CONCLUSION

The decision of the district court is AFFIRMED in part, REVERSED in part and REMANDED. We affirm the denial of Wal-Mart's Motion for Judgment as a Matter of Law on Samara's Lanham Act claim and Copyright Act claim and the district court's denial of Wal-Mart's request for a new trial based on an alleged error in the jury instructions. We affirm the district court's holding that the state law claims were not preempted by § 301 of the Copyright Act. We reverse the district court's grant of an injunction to Samara, and we remand the case so that the district court can refashion an injunction in light of this opinion and enter an order reflecting the new calculation of damages.

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7. We note that in *Folio Impressions* the defendants were successful in rebutting the presumption of copyright protection for the background upon which the roses were placed. The defendants offered testimony that the background pattern was copied from the public domain. *Id.* at 763-64. No such testimony or other evidence was presented in this case.

JON O. NEWMAN, *Circuit Judge*, dissenting in part:

On two key issues in this case, I respectfully dissent. First, I do not believe that the "look" of Samara's line of dresses constituted protectable trade dress, and the Court's upholding of such protection lowers, at least for this case, the standards we have previously established for trade dress protection of a product "line." Second, I do not believe that Samara is entitled to a copyright on the five designs that depict, in an entirely unoriginal way, such common items as strawberries, tulips, daisies, and hearts. Indeed, if the majority's copyright ruling were to be applied beyond the precise facts of this case, which I do not expect will ever happen, designers of Valentine's Day cards would be at risk of copyright infringement if, having seen a Samara dress with the copyrighted designs, they place unadorned hearts on their cards, or at least show little girls in dresses with unadorned hearts on their collars.

I. Trade Dress

This Circuit has clearly stated the principles that govern a claim of trade dress protection for product design, particularly protection claimed for the design of a line of products. First, when trade dress protection is claimed for product design or configuration, rather than product packaging, the inquiry is "whether the design was likely to be understood as an indicator of the product's source." *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378 (2d Cir. 1997). Second, product design or configuration is far less likely to be an indicator of source than product packaging, and, indeed, we "appear[ ] to be

moving toward a rule that packaging is usually indicative of a product's source, while the design or configuration of the product is usually not so." *Id.* at 379. Third, we must construe the Lanham Act "in the light of a strong federal policy in favor of vigorously competitive markets." *Id.* Fourth, courts are to "exercise[ ] particular 'caution' when extending [trademark] protection to product designs." *Id.* at 380 (quoting *Jeffrey Milstein v. Gregor, Lawlor, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995)). Fifth, " 'just as copyright law does not protect ideas but only their concrete expression, neither does trade dress law protect an idea, a concept, or a generalized type of appearance.' " *Id.* (quoting *Jeffrey Milstein*, 58 F.3d at 32). Sixth, and most pertinent to this case, a plaintiff "seeking to protect a series or line of products faces a particularly difficult challenge of showing that the appearance of its several products is sufficiently distinct and unique to merit protection as a recognizable trade dress. . . . *Accordingly, when protection is sought for an entire line of products, our concern for protecting competition is acute." Id.* (emphasis added).

This is not to say that product design or configuration can never achieve trade dress protection for a line. But until this case, we have permitted such protection only in very extreme circumstances. For example, in *Harlequin Enterprises Ltd. v. Gulf & Western Corp.*, 644 F.2d 946, 948 (2d Cir. 1981), we upheld protection for the look of a line of books where "every book in the Harlequin Presents series is uniform in its dimensions, cover design and colophon."

On the facts of this case, it was not reasonable to find distinctiveness of Samara's entire product line. The Court

upholds the jury's verdict by recounting five factors that Samara's designer, Kathy Gosda, testified were present in the Samara line.[1] These are (1) seersucker fabric; (2) large bold appliques; (3) large collars with the appliques generally integrated into the collar and the pockets, if any; (4) absence of printed images, black outlines, alphanumeric characters, or three-dimensional features; and (5) full-cut, one-piece conservative bodies.

For several reasons, these five factors cannot be permitted to constitute a protectable trade dress "look." First, the fifth factor — full-cut, one piece conservative bodies — is not a fabric design feature at all, but is a dress design. We do not extend copyright protection to dress designs, *see Whimsicality, Inc. v. Rubie's Costume Co.*, 891 F.2d 452, 455 (2d Cir. 1989); 1 *Nimmer on Copyright* § 2.08[H][3] (1998) [hereinafter "*Nimmer*"], and we should not let dress designers secure protection for their dress styles by claiming a "look" protectable as trade dress under trademark law. Though a particularly distinctive dress design feature, combined with distinctive fabric design elements, might suffice for trade dress protection, Samara's

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1. The fact that Samara's Vice-President for Sales testified that his company chose to use what he considered consistent design elements is the weakest form of evidence that the resulting product line is entitled to trade dress protection. Most clothing manufacturers would like to think that their product designs are special, and they can be expected to say so when they sue for trade dress infringement. But the issue is not whether Samara hoped to have a protectable trade dress; it is whether the line of clothing it produced contains that distinctive combination of features that entitles the manufacturer to trade dress protection.

dress design of full-cut, one-piece conservative bodies is far too common to serve as an element of a "look" that warrants trade dress protection.

Second, the fourth factor — the absence of various fabric design elements — is totally unavailing. There are hundreds, if not thousands, of fabric design elements that Samara does not use. A "look" warranting trade dress protection must consist of the design features that are present in the line of clothing claimed to have a look, not in the myriad features that the designer elected not to use.

Third, with factors 4 and 5 eliminated, or, at least counted for little, we are left with three factors that are far too general to constitute a protectable "look." Seersucker fabric is not at all distinctive. Large bold appliques are a common design feature, used by numerous dress designers. Moreover, Samara uses such different items as appliques that a unified "look" cannot be reasonably discerned. With four products, the applique consists of flowers; with six, it consists of fruits; with one, it consists of hearts; with two, it consists of vehicles; and with one, it consists of sailboats. The use of large collars is also extremely common, and the fact that the appliques are placed on the collar, or pockets if any, is hardly noteworthy. I cannot tell what Ms. Gosda meant by saying that the appliques are "integrated" into the collar. From the photographs in the record, the appliques appear simply to be sewn onto the collars, sometimes extending beyond the collar to the body of the dress. None of the factors identified by Ms. Gosda, nor the combination of them, can reasonably be found to constitute protectable trade dress of a product line. Indeed, since the appliques depict such different objects from one garment to another,

there is no one combination of design elements to assess. Samara's dresses constitute a "line" of clothing, just like those of many manufacturers who sell a "line" of somewhat similarly designed or decorated clothing, but they cannot reasonably be found to have such an identifiable "look" that the entire product line warrants trade dress protection.

Fourth, a more fundamental flaw in the Court's protection of the Samara "look" is that many of the products in the alleged product line do not have all of even the few features that are claimed to constitute the "look." Of the sixteen products claimed to have been copied by Wal-Mart, the Court acknowledges that two do not merit trade dress protection. Of the remaining fourteen, four do not have the applique integrated on the collar or pockets; in two products, the applique is placed on the top front of the main fabric of the dress, and in two products, on a mid-riff running across the main fabric of the dress. How can there be a product line with a protectable trade dress "look" when nearly one-third of the products claimed to constitute the infringed line lack a key feature alleged to be an ingredient of the "look"?

Moreover, Samara's complaint alleged that its look included "specially designed stylized appliques selected for *consistency across the line*," Complaint ¶ 14 (emphasis added), yet the evidence discloses that the appliques depicted a wide variety of objects including flowers, fruits, hearts, trucks, and boats.[2] Surely there was no "consistency

2. Though the Court excludes from the protected "line" of products those depicting a circus truck, an airplane, and a sail boat, it leaves within the protected "line" products that display three sailboats, three cars, and three trucks.

across the line" as to the objects depicted in the appliques. The complaint also alleged that the "look" included "carefully coordinated combinations of silhouettes, applique designs, fabric patterns and *colors*." *Id.* (emphasis added). The variety of objects depicted totally refutes any claim of "consistency" as to "silhouettes," "designs," or "patterns," and there is no consistency at all as to "colors," as the differing combinations set out in the margin indicate.[3] Where courts have upheld a trade dress that included color as a component, they have been careful to emphasize a "combination of particular hues of [plaintiff's red and yellow] colors," *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 703 (5th Cir. Unit A Oct. 1981), and in *Chevron Chemical* the "particular hues" of the same two colors were "arranged in certain geometric designs, presented in conjunction with a particular style of printing," *id.* No case has upheld trade dress protection for an alleged "line" of products that depicts entirely different decorative objects, rendered in a wide variety of combinations of different colors.

Despite the very strict standards this Circuit has articulated for trade dress protection of the design of a

3. With one, the colors are pink, green, and blue; with three, they are red, white, and blue; with one, they are red, green, and blue; with one, they are red, white, green, and blue; with three, they are pink, white, and blue; with one, they are pink and blue; with one, they are pink, yellow, and blue; with one, they are red, yellow, and blue; with one they are red, yellow, blue, and green; with one they are red, yellow, blue, green, and white; with one they are red, white, green, and black; and with one they are red, green, blue, yellow, and white.

product "line," and despite the very weak nature of the plaintiff's evidence, the Court upholds trade dress protection in this case essentially because the jury found in plaintiff's favor. That reliance, unjustified in my view, requires consideration of the proper approach to a jury's verdict on an issue such as trade dress protection.

I agree with the Court when it rejects Wal-Mart's contention that reviewing courts should apply a "lower level of deference," __ F.3d at __, to the jury's finding that Samara's trade dress was sufficiently distinctive to be protectable. In my view, however, "level of deference" is the wrong dimension to assess. Every jury verdict is entitled to a fairly high degree of deference regardless of the nature of the issue decided. To state that proposition, however, does not preclude recognition of the principle that the boundaries within which an issue is reasonably a fact issue for a jury are narrower in some contexts than in others. When juries are called upon to resolve conflicting versions of historical facts, the boundaries are fairly wide. Reviewing courts take a generous view of what a reasonable jury could conclude with respect to historical facts, such as what happened at the scene of an accident. But the broad range of reasonable fact-finding as to historical facts and familiar legal issues like negligence is not appropriate for issues infused with technical legal meaning, issues with which juries are almost completely unfamiliar.

When reviewing courts consider jury verdicts on such issues as the reasonableness of a challenged restraint of trade or the protectability of a trade dress, I believe reviewing courts should recognize that the boundaries in which jury

fact-finding may permissibly occur are somewhat narrow. It is not a matter of giving less deference to a jury's fact-finding, reached within an allowable scope. Rather, it is a matter of recognizing that the scope of allowable fact-finding is narrower. When the issue is negligence, many combinations of fact patterns can reasonably be found in the typical contested case, and juries have wide latitude to determine what they think the facts were and thereby to find either that there was negligence or there was not.[4] But on more esoteric issues, courts should recognize that there are fewer combinations of fact patterns that could reasonably be found in a given case, and should therefore somewhat narrow the range in which jury fact-finding is permissible. Otherwise, we are ceding to juries broad authority to determine the substantive scope of the law on topics such as antitrust, copyright, trademark, and, in this case, trade dress.[5]

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4. As I have pointed out elsewhere, this application of a negligence standard to a fact pattern, one determined, is really an issue of law, but because there are so many possible fact patterns in a typical negligence dispute, courts do not ask juries to find just the facts, but instead instruct them on applicable principles of negligence and then ask them to apply the law to the facts as they find them. See *Antilles Steamship Co., Ltd. v. Members of American Hull Insurance Syndicate*, 733 F.2d 195, 206 & nn.4, 5 (2d Cir. 1984) (Newman, J., concurring). This is a matter more of convenience than doctrinal purity.

5. Unlike the Court, __ F.3d __ n.1, I derive no reassurance at all from the fact that in a particular case in a jury found in favor of a plaintiff on a copyright claim and against the plaintiff on a trade dress claim. *See Keystone Retaining Wall Systems, Inc. v.*

(Cont'd)

Our Circuit has recognized this important point. As we said with respect to the similar issue of the scope of fact issues in copyright cases, "Courts have an important responsibility in copyright cases to monitor the outer limits within which juries may determine reasonably disputed issues of fact. If a case lies beyond those limits, the contrary view . . . of a particular jury[ ] cannot be permitted to enlarge . . . the scope of statutory protection enjoyed by a copyright proprietor." *Warner Bros, Inc. v. American Broadcasting Companies, Inc.*, 720 F.2d 231, 245 (2d Cir. 1983).

Juries cannot realistically be expected to appreciate, much less to apply rigorously, the several precepts that our Circuit has said are applicable to resolution of a claim of distinctiveness as to product configuration. Indeed, any jury that finds, as this one did, that copying, sufficient to constitute infringement of a valid copyright, has occurred, will be likely also to find a Lanham Act violation, yet such

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(Cont'd)
Westrock, Inc., 997 F.2d 1444, 1447 & n.2 (Fed. Cir. 1993). The Court thinks this is some evidence that juries can be counted on to understand the differences between the Lanham Act and the Copyright Act. If that were so, then the many cases in which juries found for plaintiffs on both claims or found against plaintiffs on both claims would be some evidence that juries cannot distinguish the relevant concepts. Moreover, a jury's differing outcomes on different claims in particular cases are as likely to reflect a compromise as a sophisticated understanding of the relevant principles. My view that juries have a difficult time understanding the principles of such unfamiliar fields of law as copyright and trademark is based on the fact that judges, including myself, have difficulty fully grasping the subtleties of these doctrines, even though we deal with them far more often than do juries.

a jury, in all likelihood, will have no appreciation of the subtle point that copyright accords a rather narrow monopoly that protects only against copying of particular items, whereas trademark grants a much broader monopoly that protects against marketing of any product with an appearance likely to cause confusion as to source.

The high bar to trade dress protection for a product line that this Court so emphatically raised in *Landscape Forms, Inc. v. Columbia Cascade Co.* 113 F.3d 373 (2d Cir. 1997), and *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (2d Cir. 1995), has been unjustifiably lowered in this case. Though I suspect that this is an aberrational result, not likely to be repeated, I cannot assent to it.

II. Copyright

Wal-Mart challenges copyright validity as to six of Samara's thirteen copyrights. Validity is challenged on the ground that these copyrights display common items in a manner that fails to satisfy even the "minimal degree of creativity" necessary to constitute an original work of authorship. *See Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 345 (1991) (citation omitted); 1 *Nimmer* § 2.01[B], at 2-14. The Court rejects Wal-Mart's challenges by stating that the prima facie evidence of validity arising from the Samara's certificates of copyright registration, *see* 17 U.S.C. § 410(c), has not been overcome by any evidence. The Court points out that Wal-Mart "failed to adduce evidence to show that the works were not 'independently created by its author, and not copied from someone else's work.' " __ F.3d at __ (quoting *Folio*

Impressions, Inc. v. Byer California, 937 F.2d 759, 764 (2d Cir. 1991). But Wal-Mart is not attacking Samara's copyrights on the six challenged designs on the ground that Samara did not independently create the designs. The claim is that the designs lack minimal originality. No matter how "independently" a designer works in the confines of some remote atelier, if the resulting design is just the unadorned outline of three hearts, no valid copyright may be obtained.

On the disputed issue of whether the challenged copyrights lack minimal originality, Wal-Mart produced evidence in the form of exhibits depicting hearts, flowers, and strawberries in the ordinary shape and design displayed in Samara's copyrights. Though I would have thought a court could take judicial notice of the fact that the outline of an unadorned heart is sufficiently common to lack minimal originality, Wal-Mart's exhibits are ample evidence of this fact.

Of the six challenged copyrights, I would uphold the challenges to five. Registration No. 751-722 is just three hearts, grouped in a slight arc; the only arguable "arrangement" is that the tips of the hearts extend over the collar. Registration Nos. 751-718 and 751-720 are just three strawberries, connected by a slightly twisted vine. There is nothing minimally original about the strawberries, and strawberries with similarly slightly twisted vines are shown in an exhibit of McCall's sewing patterns. Registration No. 751-721 is just three "daisies" separated by two leaves. The "daisy" design, which does not look like a daisy at all, is an utterly common five-sided pattern with rounded edges and a circular center, depicting simply a generic flower.

Registration No. 751-725 is three tulips, each with two leaves. Both the tulips and the leaves are totally lacking in originality. I agree that Registration 751-719 reaches the minimal level of originality, since the grouping of the strawberries overflowing the pocket suffices as a minimally original arrangement.

The Copyright Office says that a fleur-de-lys design is not original enough. *See Compendium II: Compendium of Copyright Office Practices* § 503.02(a) (1984) ("[R]egistration cannot be based upon the simplicity of standard ornamentation such as . . . the attractiveness of a conventional fleur-de-lys design . . . ."). Basic depictions of hearts, daisies, strawberries, and tulips should fare no better. As this Court observed in invalidating the copyright on an Uncle Sam bank, "Here as elsewhere in the copyright law there are lines that must be drawn even though reasonable [persons] may differ where." *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486, 492 (2d Cir. 1976) (in banc).

Though I suspect that the Court's trade dress and copyright rulings will prove to be limited to the precise facts of this case, I dissent to the extent indicated in this opinion, and concur on all other issues.

APPENDIX B — MEMORANDUM DECISION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK DATED JULY 17, 1997

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96 Civ. 5032 (DC)

SAMARA BROTHERS, INC.,

Plaintiff,

– against –

JUDY-PHILIPPINE, INC., et al.,

Defendants.

MEMORANDUM DECISION

* * *

CHIN, D. J.

On January 10, 1997, a jury returned a verdict in this case in favor of plaintiff Samara Brothers, Inc. ("Samara") against defendant Wal-Mart Stores, Inc. ("Wal-Mart").[1] The jury found that Samara owned 13 valid copyrights, that Wal-Mart infringed all 13 of those copyrights, and that

1. Wal-Mart was the only defendant to go to trial, as all of the other defendants settled with Samara.

Wal-Mart did so wilfully. The jury awarded Samara $912,856.77 in profits that Wal-Mart had earned from selling infringing garments. The jury also found that Samara's trade dress was protectable, that Wal-Mart infringed Samara's trade dress, and that it did so wilfully. The jury awarded Samara $240,458.53 in profits that Wal-Mart had earned from selling infringing garments. The jury also found that Samara had engaged in deceptive trade practices and awarded $50 in damages on that claim. Finally, the jury found that Wal-Mart had misappropriated a commercial advantage that belonged to Samara in such a way as to cause confusion in the minds of consumers between Samara clothing and Wal-Mart's clothing and that Wal-Mart had done so in bad faith. It awarded Samara no damages on that claim.

Post-trial motions followed. I heard oral argument on the motions on July 14, 1997 and, for the reasons stated on the record, I granted the motions in part and denied them in part. I reserved decision on those portions of the motions relating to Samara's trade dress claim. Although I ruled that I intended to award Samara attorneys' fees, I reserved decision as to the amount of such an award.

I resolve the remaining issues now. Wal-Mart's motion for judgment as a matter of law or for a new trial with respect to Samara's trade dress claim is denied. Samara's motion for injunctive relief with respect to the trade dress claim is granted, but only to the limited extent set forth below. The amount of attorneys' fees to be awarded Samara is set at $275,000, with costs of $33,196.

1. *Trade Dress*

To recover for trade dress infringement under section 43(a) of the Lanham Act, a plaintiff must prove two elements. First, the plaintiff must prove that its trade dress is protectable by showing that the trade dress is distinctive, *i.e.*, that it is either "inherently distinctive" or has acquired distinctiveness through "secondary meaning." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992); *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 999 (2d Cir. 1997).

Second, the plaintiff must prove infringement, by showing that the defendant's trade dress has caused or is likely to cause consumer confusion. *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 377 (2d Cir. 1997); *Fun-Damental Too*, 111 F.3d at 999; *Resource Developers, Inc. v. Statue of Liberty-Ellis Island Foundation, Inc.*, 926 F.2d 134, 139-40 (2d Cir. 1991). In seeking injunctive relief, a plaintiff need only show a likelihood of consumer confusion. To recover monetary damages, however, a plaintiff must show actual consumer confusion, except that consumer confusion will be presumed if the plaintiff can prove deliberate deception by the defendant. *George Basch Co., Inc. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537 (2d Cir. 1992), *cert. denied*, 506 U.S. 991 (1992). In that event, the burden shifts to the defendant to prove the absence of confusion. *Resource Developers, Inc.*, 926 F.2d at 140.

A. *Wal-Mart's Motion*

Wal-Mart's motion raises two issues that warrant discussion. First, Wal-Mart contends that Samara's trade

dress is not protectable because it is amorphous and contains non-distinctive features commonly and customarily used in children's clothing — themes such as strawberries and sail boats and fabrics such as seersucker — that are not sufficiently distinctive to indicate source. Second, Wal-Mart argues that even if Samara's trade dress is protectable, the record contains no evidence of consumer confusion or any intent on its part to mislead consumers into believing that they were buying Samara garments when they were actually buying Wal-Mart garments.

1. *Protectability*

Wal-Mart's protectability argument is based primarily on *Landscape Forms*. There, the Second Circuit confirmed its holding in *Knitwaves* that in considering "inherent distinctiveness" in "product design or configuration" cases, the question is "whether the design was likely to be understood as an indicator of the product's source." 113 F.3d at 378 (citing *Knitwaves*, 71 F.3d at 1008). Design cases — where the trade dress involves the design of a product rather than its packaging or labelling — are problematic, for the design of a particular product is less likely to be an indicator of source than packaging, labels, and trademarks. The *Landscape* Court cautioned that, in considering design cases, courts must remember that trade dress law is intended:

> to accord protection to symbols consumers are likely to rely upon in distinguishing goods, while denying protection that would hamper efforts to market competitive goods.

Id. at 380. The Court also noted that "when protection is sought for an entire line of products, [the] concern for protecting competition is acute." *Id.*

Here, Wal-Mart argues that the jury could not have reasonably found that Samara's trade dress was an indicator of source. According to Wal-Mart, the Samara "look" was so amorphous and used features so commonly found in children's clothing that it was not sufficiently distinctive to have identified Samara as being the source of the garments. While Wal-Mart's arguments have some merit, I am not persuaded that the jury's verdict should be set aside.

As the Second Circuit recognized in *Landscape*, "there is no question that trade dress may protect the 'overall look' of a product." 113 F.3d at 381; *accord Krueger Int'l, Inc. v. Nightingale Inc.*, 915 F. Supp. 595, 607 (S.D.N.Y. 1996) (holding that plaintiff had a protectable trade dress in the "overall look" of its chair). Even if " 'each element of a trade dress individually might not be inherently distinctive, . . . the combination of elements' may be indicative of source." *Landscape*, 113 F.3d at 381 (quoting *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995)).

Landscape identifies a number of factors that may be considered in determining whether a "design was likely to be understood as an indicator of the product's source." *Id.* at 377 (citing *Knitwaves*, 71 F.3d at 1008). These include the manufacturer's subjective intentions, whether the design was a common basic shape or design, whether it was unique or unusual in a particular field, whether it was a mere

refinement of a commonly adopted and well-known form of ornamentation for a particular class of goods, and the similarity of the product to others on the market. *Id.* at 378 n.3; *see also Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977). Other factors that may not directly shed light on whether a design is an indicator of source but that may be relevant indirectly — because they may show secondary meaning — include, as the jury was charged, the plaintiff's advertising expenditures, sales success, and attempts to plagiarize the plaintiff's trade dress. (Tr. 669).

The jury's conclusion that Samara's trade dress was sufficiently distinctive to be protectable is supported by the following evidence in the record: (1) the efforts made by Samara over the years to develop "the Samara look," to produce garments that "look like [they] come[ ] out of our office," that have a "consistent feel" to them, to "build a brand loyalty and establish a customer base" (Tr. 209); (2) Samara's consistent use of seersucker, large appliques usually integrated into the construction of the garments, and garment designs, including scalloped collars, matching pockets, and the lack of excess ornamentation, to develop a clean, simple, uncluttered but elegant "look" — a look of "simple sophistication" (Tr. 144-65); (3) Samara's advertising efforts, which include, for example, spending approximately $100,000 on advertising in 1996 (Tr. 63-65); (4) Samara's sales success; (5) Wal-Mart's efforts to plagiarize the Samara look; and (6) the garments themselves. The jury saw dozens of garments, not only Samara and Wal-Mart garments, but children's garments sold by many other companies as well. Thus, the jury saw for itself the

designs of the Samara products, the Wal-Mart products, and other competing products. While it is true that certain elements of Samara's designs were not protectable, the jury reasonably could have found that the combination of these elements was distinctive and thus protectable.

Mr. Kleist himself — Wal-Mart's buyer — acknowledged that there was a "Samara look." He testified:

> Q. Isn't it a fact, Mr. Kleist, that at least some of the samples that you saw you recognized as Samara garments because you had bought them when you were a buyer at Sears, isn't that right?
>
> A. Yes.
>
> . . .
>
> THE WITNESS: Like I said earlier, there were 20, 30, some number of seersucker samples. I don't remember which ones had labels, which ones did not have labels. There were probably some with labels and some without labels.
>
> Q. Did you recognize any of these garments as being Samara garments?
>
> A. I recognized the Samara type of look but do I know if they had Samara labels in them, no.

(Tr. 323, 394-95). Thus, Kleist's testimony supports the jury's finding that the overall design of Samara's garments

— including its trade dress and its "look" — was distinctive, and therefore protectable.

2. *Consumer Confusion*

Wal-Mart's second point that warrants discussion is its contention that the record does not support the jury's finding with respect to consumer confusion. I agree that Samara did not prove actual confusion. Hence, the question is whether the jury reasonably could have found that Wal-Mart deliberately sought to deceive consumers as to the source of its garments and, if so, whether the jury reasonably could have found that Wal-Mart had failed to rebut the resulting presumption of consumer confusion.

The jury's findings in this respect are supported by substantial evidence in the record. First, there was compelling evidence that Wal-Mart intentionally copied Samara's garments. For example, Mr. Kleist testified that he asked Mr. Safdieh, an employee of defendant Judy Philippine, Inc., to create seersucker garments under the Small Steps label that were based on a number of samples, some of which Mr. Kleist recognized as Samara garments. (Tr. at 322-23). Mr. Kleist went on to admit that the garments Wal-Mart ordered from Judy-Philippine were "very similar to some of the Samara garments." (Tr. at 448). In fact, of course, the garments were virtually identical. Indeed, when asked to compare a number of Wal-Mart garments to their corresponding Samara garments, Mr. Kleist admitted that they were "strikingly similar." (Tr. 340-41).

Second, the jury reasonably could have found that Wal-Mart intended to confuse consumers as to the source of its garments. As Samara argued at the hearing on July 14, 1997, the breadth of the copying is incriminating. Wal-Mart sold millions of dollars of the garments in question and it copied not just one garment but an entire series of garments in different styles — all featuring the Samara "look." Wal-Mart's buyers knew that Samara's garments were being copied — the photographs attached to the quote sheets showed the Samara label and Kleist was aware of the Samara look. Yet, they purchased millions of dollars worth of the Samara knock-offs. The jury surely could have inferred that Wal-Mart copied the Samara "look" to confuse consumers.

The jury reasonably could have found that the public was being deceived in two ways. First, consumers might have been drawn initially to Wal-Mart's Samara knock-offs because they thought they were Samara. Even though the consumers might then have realized the garments were not Samara because of the labelling, they might have purchased them anyway because of the low price. They were still deceived. *See PAF S.r.l. v. Lisa Lighting Co., Ltd.*, 712 F. Supp. 394, 411 (S.D.N.Y. 1989) ("While a label may help in great degree to distinguish products whose designs are fairly common place . . . where the trade dress is distinctive and the products so closely resemble each other, labeling cannot preclude the possibility that confusion will occur. Consumers may be drawn initially to the infringing product precisely because its trade dress so closely resembles that of the other product.").

Second, the jury reasonably could have found that Wal-Mart was seeking to deceive consumers into believing they

were buying Samara garments, albeit at a lower price and under a Wal-Mart label. The jury could have concluded that consumers believed that, because of Wal-Mart's superior buying power and its ability to negotiate quantity discounts, they were actually buying Samara garments at a discount under a Wal-Mart's house label, when in fact they were buying a Samara knock-off.

Wal-Mart argues that the use of its own labels on these garments would prevent customers from being confused about the source of the garments, relying on Judge Sotomayor's observation that "labels, more than design, provide a 'traditional means of identifying the manufacturer of clothing.' " *Krueger Int'l, Inc.*, 915 F. Supp. at 604 (quoting *Stormy Clime Ltd. v. ProGroup, Inc.*,, 809 F.2d 971, 977 (2d Cir. 1987)). In other words, Wal-Mart contends the average consumer would have been alerted to the fact that the garment in question was not a "Samara" because the Wal-Mart label, such as *Cuties by Judy*, was on the garment.[2]

The mere placement of labels on allegedly infringing goods, however, does not preclude a finding of confusion. As the Second Circuit noted in *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, "[w]e do not mean to intimate that the

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2. Wal-Mart also argues that I erred in not including in my charge an instruction on labelling. The argument is rejected. Although I did not include the requested instruction in my charge, Wal-Mart did not raise an objection at the charging conference. (Tr. 482-508, 510-21, 588-89). Moreover, even in the absence of such an instruction, Wal-Mart was free to argue the point to the jury in summations. (*See, e.g.*, Tr. 506).

distinctive elements of any trade dress may be freely appropriated as long as the junior user clearly identifies the source of the goods." 973 F.2d 1033, 1047 (2d. Cir.); *Life Indus. Corp. v. Star Brite Distrib., Inc.*, 803 F. Supp. 646, 647-48 (E.D.N.Y. 1992) ("Defendants' contention that 'when a manufacturer clearly identifies itself on its label, it cannot be held liable for trade dress infringement' is incorrect."). Thus, the mere fact that Wal-Mart placed its own label on the garments does not absolve Wal-Mart of trade dress infringement, and the jury still could have found intent to deceive.

Wal-Mart also relies on a series of cases holding that evidence of copying by itself does not demonstrate that a defendant intentionally set out to deceive consumers. As Professor McCarthy has observed, however,

> Close similarity of trade dress in a plethora of detail raises a serious question of copying and *intent to confuse customers*. In such a situation, all heads turn to defendant to hear some explanation. When no credible explanation is forthcoming, the judge may well respond in the following vein: '[I]t would strain credulity even to consider that the imitations of the three packages was innocent and accidental. . . . The close copying of all three is eloquent expression of actual intent to pirate, to engage in perfidious invasion by deception of the lay public which buys the products.'

J. Thomas McCarthy, 1 McCarthy on Trademarks and Unfair Competition § 8:19, at 8-47 (4th ed. 1996) (emphasis

added) (quoting *Johnson & Johnson v. Quality Pure Mfg., Inc.*, 484 F. Supp. 975, 979-80 (D.N.J. 1979)).

Here, Wal-Mart copied not one, not three, but *thirteen* different garments. Wal-Mart's garments were virtually identical copies of Samara's, with only a few minor changes in details. The jury heard Wal-Mart's purported explanations, rejected them, and found that Wal-Mart had acted in bad faith specifically with the intent to confuse.

B. *Samara's Motion*

Samara seeks injunctive relief with respect to the trade dress claim. I will grant injunctive relief, but not to the extent requested.

Samara has proposed a broad injunction enjoining Wal-Mart from infringing Samara's trade dress, as expressed in seven categories of designs, including, for example:

> a boy's spring/summer overall-style garment with a single large applique placed either (i) in the center of the chest; or (ii) on the lower front of the garment, to the side.

(Plaintiff's Proposed Judgment, ¶ 2(g)).

The proposed injunction is not workable. I am permitting the jury's verdict on the trade dress claim to stand because the jury actually had Samara's garments and the Wal-Mart knock-offs before it. Hence, the jury could actually see Samara's garments as well as Wal-Mart's

garments and therefore it had a concrete and specific basis for deciding the issue of trade dress infringement. In terms of injunctive relief for the future, however, Samara has not been able to suggest sufficiently specific language. I cannot, for example, enjoin the use of a simple but sophisticated, clean and cute "look" in children's clothing.

I will, however, enjoin Wal-Mart from infringing Samara's trade dress by manufacturing, purchasing, selling, or otherwise distributing any garments (i) copied, directly or indirectly, from any Samara garment, or (ii) bearing appliques or applique combinations, designs, or placements copied, directly or indirectly, from any Samara garment, or (iii) designed using any Samara garment as a source.

II. ***Attorney's Fees***

I will award Samara attorneys' fees under both the Lanham Act, 15 U.S.C. § 1117(a) ("The court in exceptional cases may award reasonable attorney fees to a prevailing party."), and section 349(h) of the New York General Business Law ("The court may award reasonable attorney's fees to a prevailing plaintiff."). *See Bambu Sales, Inc. v. Ozak Trading Inc.*, 58 F.3d 849, 854 (2d Cir. 1995) (jury finding of wilful infringement is sufficient to satisfy the "exceptional" case requirement under the Lanham Act); *H.W. Carter & Sons, Inc. v. William Carter Co.*, 913 F. Supp. 796, 805 (S.D.N.Y. 1996) (attorneys' fees may be awarded where party has acted in bad faith, wilfully, intentionally, and with callous and reckless disregard for plaintiff's rights, or maliciously, fraudulently, or deliberately).

In determining the amount in attorneys' fees to be awarded, I have reviewed the supporting documentation submitted by Samara, including the time sheets and descriptions of each attorney's experience and background, and I have considered the factors usually considered in determining fee applications, including the skill and time required to litigate the case, the complexity of the issues, the customary rates charged for the type of work, and the results achieved. *See Riordan v. Nationwide Mut. Fire Ins. Co.*, 977 F.2d 47, 53 (2d Cir. 1992) (discussing the standard to be applied in § 349 cases); *see also PAF S.r.l*, 712 F. Supp. at 414 (Lanham Act case).

I have considered Wal-Mart's objections to the fee application and they are rejected.

I will award attorneys' fees to plaintiff in the amount of $275,000 and costs of $33,196.

CONCLUSION

Wal-Mart's motion for judgment as a matter of law or for a new trial as to the trade dress claims is denied. Samara's motion for injunctive relief and attorneys' fees is granted to the extent set forth above.

SO ORDERED.

Dated: New York, New York
July 17, 1997

s/ Denny Chin
DENNY CHIN
United States District Judge

APPENDIX C — JUDGMENT OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK DATED JULY 17, 1997

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96 Civ. 5032 (DC)

SAMARA BROTHERS, INC.,

Plaintiff,

– against –

JUDY-PHILIPPINE, INC., K MART CORPORATION, THE CALDOR CORPORATION, WAL-MART STORES, INC., HILLS DEPARTMENT STORES, INC. and JOHN DOES 1-50,

Defendants.

JUDGMENT

CHIN, D. J.

This action having come on for trial as between plaintiff Samara Brothers, Inc. ("Samara") and defendant Wal-Mart Stores, Inc. ("Wal-Mart") before the Court and a jury, and the Court having instructed the jury to find a special verdict, and the jury having duly found such verdict, and the Court having considered the evidence and heard argument on post-trial motions and plaintiff's equitable claims in the case, and the Court having rendered a decision from the

bench on July 14, 1997 as well as a written decision dated July 17, 1997 on the post-trial motions,

IT IS ORDERED, ADJUDGED AND DECREED that:

1. Wal-Mart is hereby enjoined from infringing any of the following valid registered copyrights owned by Samara: VA 751-717 through VA 751-726, VA 768-792, VA 768-793 and VA 768-841.

2. Wal-Mart is hereby enjoined from infringing any other copyright that Samara has registered or may register in the future.

3. Wal-Mart is hereby enjoined from:

(a) manufacturing, purchasing, importing, selling or otherwise distributing any garments copied directly or indirectly from a Samara garment;

(b) manufacturing, purchasing, importing, selling or otherwise distributing any garments featuring appliques, applique combinations, or applique arrangements that were copied directly or indirectly from a Samara garment; and

(c) designing or ordering any garments (or garment components such as appliques) using any Samara garment, applique, or applique arrangements or combinations as a source or basis.

4. Samara shall recover of Wal-Mart the sum of $1,584,187, consisting of the following:

Appendix C

(a) Wal-Mart's profits in the amount of $1,153,315;

(b) prejudgment interest (through today) in the amount of $122,676; and

(c) attorneys' fees in the amount of $275,000 and costs in the amount of $33,196.

SO ORDERED.

Dated: New York, New York
July 17, 1997

s/ Denny Chin
DENNY CHIN
United States District Judge

APPENDIX D — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT DENYING PETITION FOR REHEARING DATED AND FILED APRIL 21, 1999

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT
UNITED STATES COURT HOUSE
40 FOLEY SQUARE
NEW YORK 10007

CAROLYN CLARK CAMPBELL
CLERK

At a stated term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse, Foley Square, in the City of New York, on the 21st day of April one thousand nine hundred and ninety-nine.

Dkt No: 97-7933

Samara Brothers, Inc.,

Plaintiff – Appellee,

v.

Wal-Mart Stores,

Defendant – Appellant.

A petition for panel rehearing and a petition for rehearing en banc having been filed herein by the appellant Wal-Mart Stores.

Appendix D

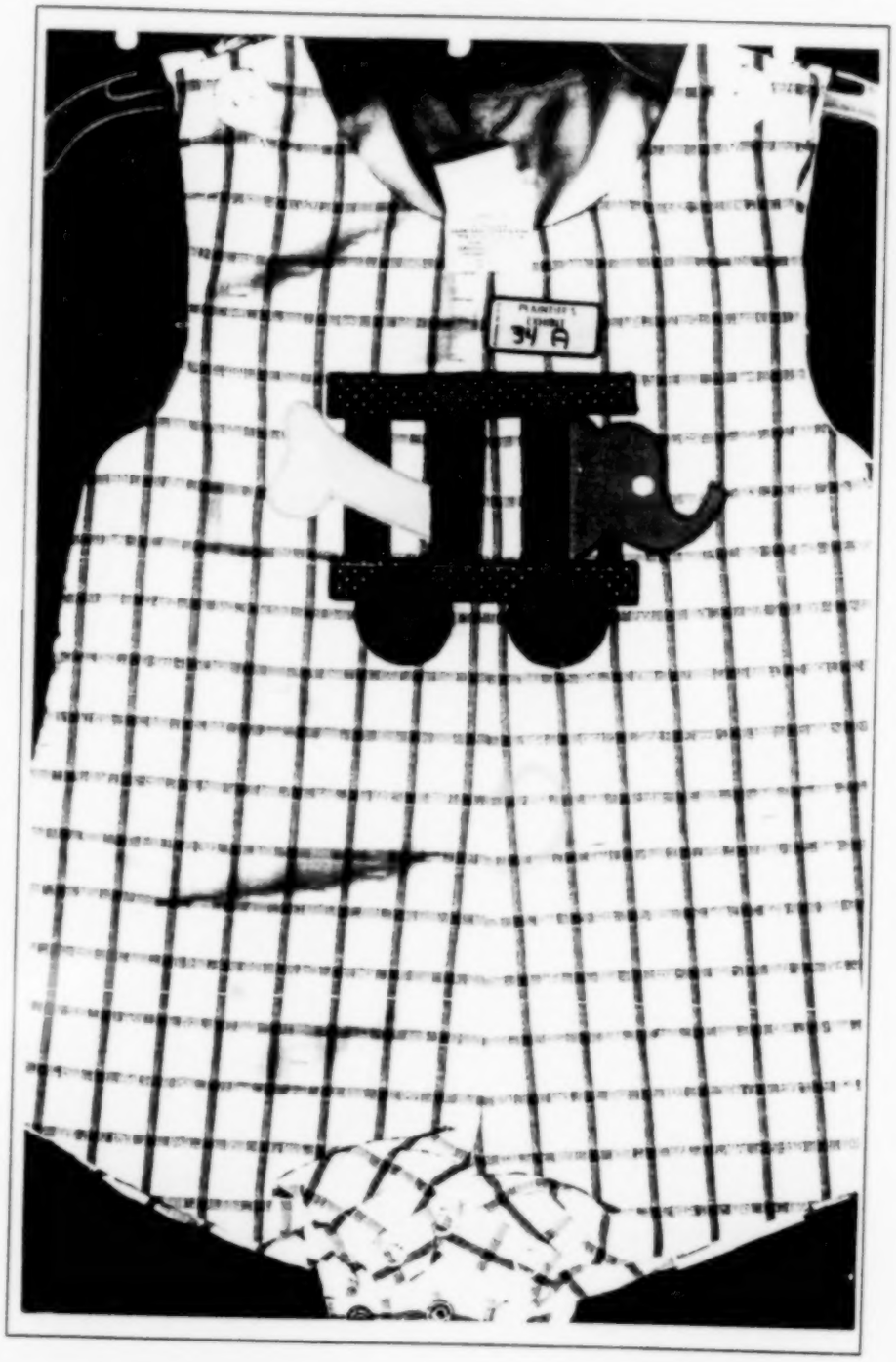
Upon consideration by the panel that decided the appeal, it is Ordered that said petition for rehearing is **DENIED.**

It is further noted that the petition for rehearing en banc has been transmitted to the judges for the court in regular active service and to any other judge that heard the appeal and that no such judge has requested that a vote be taken thereon.

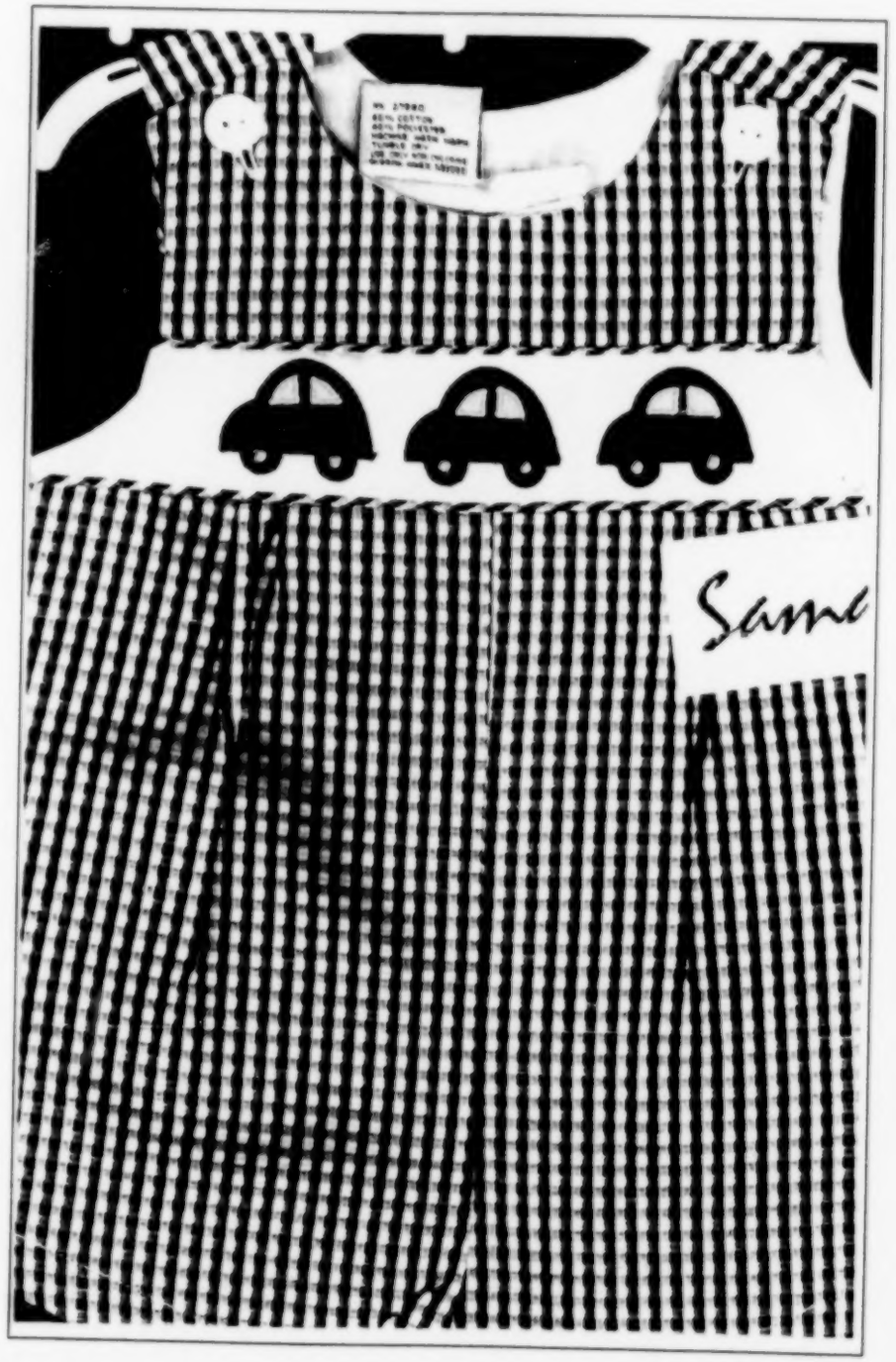
FOR THE COURT
CAROLYN CLARK CAMPBELL,
Clerk

By: s/ Beth J. Meador
Beth J. Meador
Administrative Attorney

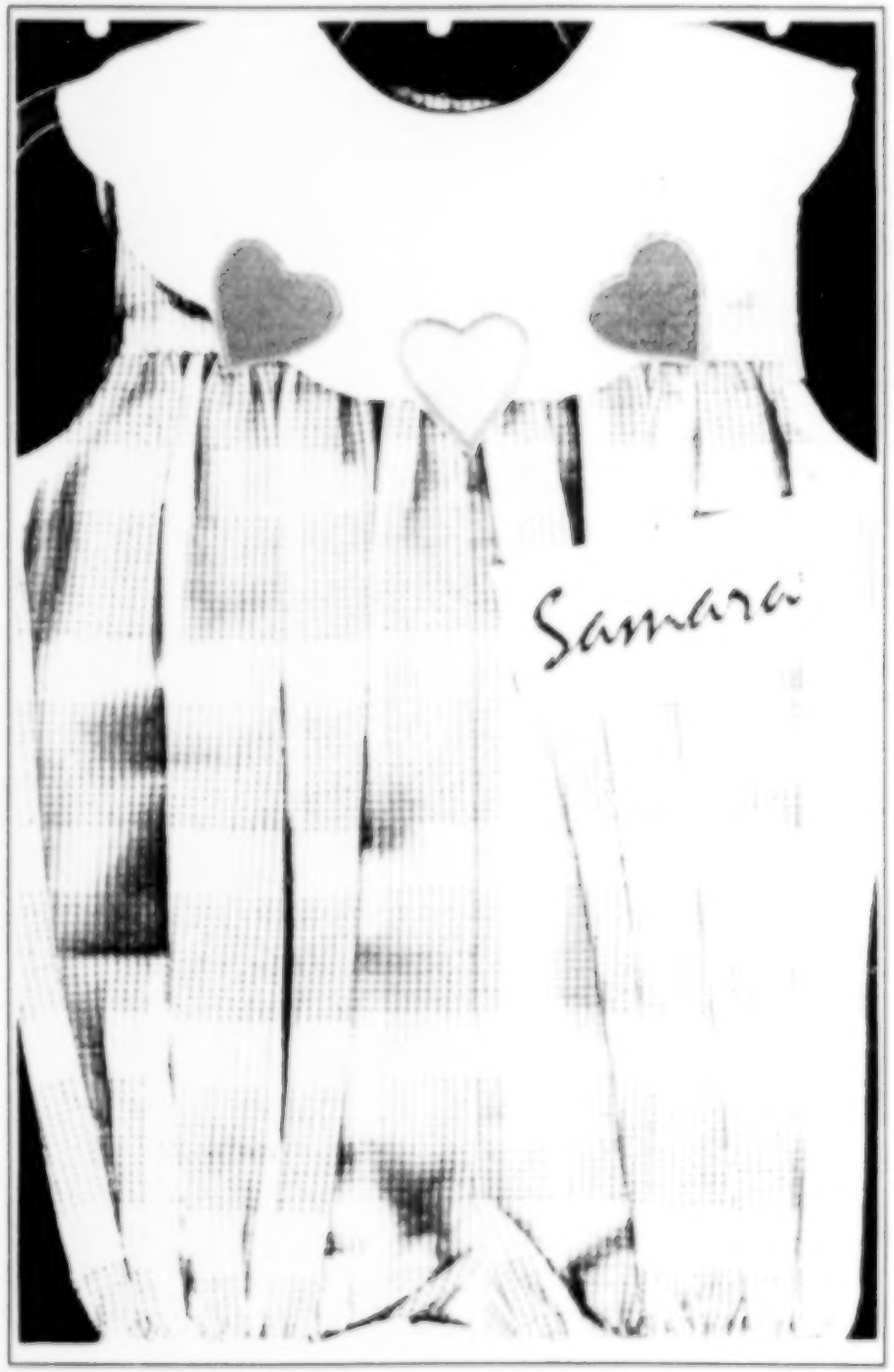
APPENDIX E — RESPONDENT'S EXHIBIT 34A (OVERALLS WITH CIRCUS WAGON APPLIQUE)



APPENDIX F — RESPONDENT'S EXHIBIT 10A (OVERALLS WITH CAR APPLIQUES IN MIDRIFF)



APPENDIX G — RESPONDENT'S EXHIBIT 6A (DRESS WITH HEART APPLIQUES)



Supreme Court, U.S.
FILED
AUG 20 1999
OFFICE OF THE CLERK

No. 99-150

IN THE

Supreme Court of the United States

WAL-MART STORES, INC.,

Petitioner,

v.

SAMARA BROTHERS, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether a line of clothing with a consistent overall appearance that recognizably indicates the source of the garments bears a trade dress protectible under the Lanham Act.

2. Whether there is any reason to depart from the long-settled law that trade dress protection and infringement issues are issues of fact for juries to decide.

3. Whether § 105 of the Copyright Act preempts state law claims that are based not on copying alone, but on consumer confusion and deception of the public.

4. Whether original clothing designs consisting of original appliques and their unique arrangement and coordination on fabric can be afforded copyright protection.

PARTIES TO THE PROCEEDING AND STATEMENT PURSUANT TO RULE 29.6

All parties in the Court of Appeals are designated in the caption. Respondent Samara Brothers, Inc. ("Samara") is a wholly-owned subsidiary of Samara Group Ltd., a corporation organized under the laws of the British Virgin Islands. No publicly held corporation owns 10% or more of Samara's stock.

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ADDITIONAL STATUTORY PROVISION INVOLVED

Section 349 of the New York General Business Law:

Deceptive acts and practices unlawful

(a) Deceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service in this state are hereby declared unlawful.

(b) Whenever the attorney general shall believe from evidence satisfactory to him that any person, firm, corporation or association or agent or employee thereof has engaged in or is about to engage in any of the acts or practices stated to be unlawful he may bring an action in the name and on behalf of the people of the state of New York to enjoin such unlawful acts or practices and to obtain restitution of any moneys or property obtained directly or indirectly by any such unlawful acts or practices. In such action preliminary relief may be granted under article sixty-three of the civil practice laws and rules.

(c) Before any violation of this section is sought to be enjoined, the attorney general shall be required to give the person against whom such proceeding is contemplated notice by certified mail and an opportunity to show in writing within five business days after receipt of notice why proceedings should not be instituted against him, unless the attorney general shall find, in any case in which he seeks preliminary relief, that to give such notice and opportunity is not in the public interest.

(d) In any such action it shall be a complete defense that the act or practice is, or if in interstate commerce would be, subject to and complies with the rules and regulations of, and the statutes administered by, the federal trade commission or any official department, division, commission or agency of the United States as such rules, regulations or statutes are interpreted by the federal trade commission or such department, division, commission or agency or the federal courts.

(e) Nothing in this section shall apply to any television or radio broadcasting station or to any publisher or printer of a newspaper, magazine or other form of printed advertising, who broadcasts, publishes, or prints the advertisement.

(f) In connection with any proposed proceeding under this section, the attorney general is authorized to take proof and make a determination of the relevant facts, and to issue subpoenas in accordance with the civil practice laws and rules.

(g) This section shall apply to all deceptive acts or practices declared to be unlawful, whether or not subject to any other law of this state, and shall not supersede, amend or repeal any other law of this state under which the attorney general is authorized to take any action or conduct any inquiry.

(h) In addition to the right of action granted to the attorney general pursuant to this section, any person who has been injured by reason of any violation of this section may bring an action in his own name to enjoin such unlawful act or practice, an action to recover his actual damages or

fifty dollars, whichever is greater, or both such actions. The court may, in its discretion, increase the award of damages up to one thousand dollars, if the court finds the defendant willfully or knowingly violated this section. The court may award reasonable attorney's fees to a prevailing plaintiff.

COUNTERSTATEMENT OF THE CASE

Samara Brothers, Inc. ("Samara") showed at the trial that the core of its business is its line of spring/summer seersucker children's clothing (Tr. 135).[1] Ever since 1985, when Samara reinvented itself as a department store brand of children's clothing, Samara has consciously hewed to a very narrow band of design approaches for its products, in order to have a uniform appearance, consistent across the line. As Samara's Vice President of Sales, Gary Goldman, testified, Samara "ha[s] kind of a feeling that everything that we produce should kind of look like it comes out of our office. It shouldn't be all over the place. It should have a consistent feel to it." The reason for the emphasis on consistency is "[t]o build brand loyalty and establish a customer base." (Tr. 208-10). The look of Samara's garments was thus intended to designate source.

Samara has adhered to this approach consistently through today. So complete is market identification of Samara with the Samara look that whenever Samara marketed clothes that departed from the Samara look, its sales were disappointing (Tr. 219). The look of the garments in evidence had been used since before 1990 (Tr. 224). Samara even uses many of the same appliques year after year (Tr. 226). The District Court specifically noted the consistency of Samara's look

1. "Tr." refers to the trial transcript in the case. "A__" refers to pages of the Appendix on Appeal.

across its line and over the years,[2] as did the Court of Appeals.[3]

The clearest proof that the Samara look is distinctive comes from Petitioner Wal-Mart Stores, Inc. ("Wal-Mart") itself. Wal-Mart's senior buyer, Ted Kleist, testified under examination ***by Wal-Mart's own counsel*** that he recognized garments with "the Samara type of look" even without looking at the labels (Tr. 394-95). Moreover, Wal-Mart's counsel understood the look well enough to be able to create an infringing dress design at the trial (Tr. 258-60, Deft. Ex. 102).[4] Wal-Mart's argument that there is no distinctive Samara look, that it involves nothing more than placing appliques on seersucker, and that it is too vague to be protected, is thus undermined directly by Wal-Mart itself.

The evidence at trial disproves any contention that Samara's designs strive solely to produce attractive clothing and not to designate source. Samara placed in the record

2. *Samara Brothers, Inc. v. Judy Philippine, Inc.*, 969 F. Supp. 895, 898 (S.D.N.Y. 1987).

3. *Samara Brothers, Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120, 125 (2d Cir. 1998).

4. Wal-Mart's petition asserts (at p. 17) that Samara's witness Mr. Goldman denied that the dress Mr. Coston, Wal-Mart's counsel hand-drew at the trial with a "snowman" applique bore the "Samara look." What Wal-Mart does ***not*** tell the Court, though, is the reason Mr. Goldman gave: snowmen are too tall and too high up in the collar to fit into the Samara way of integrating the applique into the collar. Tr. 260 ("it's too high . . . . It's not the right shape"). Wal-Mart also omits the end of the exchange about Mr. Coston's hand-drawn collars with appliques. Mr. Goldman said "[i]t could be a copy of the Samara look" (Tr. 263).

dozens of garments. So did Wal-Mart. Yet Wal-Mart never has pointed to a single non-Samara garment that fits into the Second Circuit's description of Samara's trade dress. So even as Wal-Mart tells the Court that the trade dress as defined by the Second Circuit is "amorphous" and not sufficiently detailed or specific to accurately describe the trade dress, it has not been able to back up its rhetoric with anything concrete.

Besides the visual evidence of the garments themselves there was also substantial verbal evidence in the record of the specific features the trade dress is comprised of. Kathy Gosda, one of Samara's designers, testified in great detail about what distinguishes a Samara garment. Some of the details follow: "We make the collar important because that is where the decoration is" (Tr. 154); Samara generally uses appliques rather than embroidery (Tr. 154, 160); "We don't do accessories with our garments" (Tr. 152); "We don't often do fabric mixing. It's not just what Samara does" (Tr. 157); Samara tends to integrate appliques into the construction of the collar, often making the whole collar into an applique (Tr. 152. 153); "We don't use black outlines. In our look we think it's too harsh for children" (Tr. 155; *see also* Tr. 160); Samara appliques are solid pieces rather than screen printed, they do not involve three-dimensional figures and do not involve the use of words (Tr. 156, 161); "We don't do two-piece bodies" (Tr. 155); Samara appliques are large rather than small (Tr. 156); and Samara uses full collars and full-cut bodies rather than cut-out bodies, for a more conservative look covering more of the child (Tr. 174). Taking most or all of these elements in combination produces the Samara look; contrary to Wal-Mart's misstatements, Samara has consistently relied on this list of elements as the basis of the Samara look, and did not continually offer differing versions

of the trade dress.[5] The description of the look employed by the Second Circuit tracks this list of features pretty closely, although the Second Circuit's wording is a bit different.[6]

It bears emphasis here that Wal-Mart never contended that the jury was instructed erroneously as to the law. The definition of distinctiveness that District Judge Chin gave the jury was never challenged. Nor did Wal-Mart request that the District Court submit to the jury a special interrogatory requesting an articulation of the details of the trade dress. As a result, the jury simply applied the District Judge's instructions and determined that "Samara's trade dress [is] protectible" (Tr. 704).

SUMMARY OF REASONS THE WRIT SHOULD NOT BE GRANTED

This case presents no issues suitable for review by this Court:

- There is no split among the circuits as to the governing law, and the result in this case would not change even if there were.

---

5. Wal-Mart disingenuously refers to Samara's thumbnail summaries of the trade dress in Samara's appeal brief as five different descriptions of the trade dress, when in reality the different formulations are simply a function of the fact that the same thing can be described in different words and, in readable prose like an appeal brief, often is.

6. The only real difference is that the Second Circuit decided that to be protectible, there had to be two or three matching appliques placed symmetrically in the collar or, if there was no collar, at the collar line. 165 F.3d at 129.

- This case is not such a drastic departure from the accepted course of legal proceedings as to require this Court to exercise its supervisory power, and Wal-Mart makes no argument that it is. To the contrary, the Second Circuit's ruling is well-grounded in its own precedents and is consistent with both this Court's rulings and those of other circuits.

- Even if there were hypothetically some legal issues suitable for consideration by this Court, this case is not an appropriate vehicle for such review, because of the fact-sensitive nature of this dispute. Thus, the dissent in the Second Circuit — whose position Wal-Mart would have this Court adopt — predicted that the majority's "trade dress and copyright rulings will prove to be limited to the precise facts of this case," *Samara Brothers, Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120, 133 (2d Cir. 1998) (Newman, J., dissenting). Clearly, the kind of factual inquiry that Wal-Mart's view of this case would require of the Court counsels heavily against granting certiorari here.

- The District Court entered its judgment below after a verdict rendered by a jury. Because of that, the standard of review on appeal mandates that ***every*** factual inference be drawn in Samara's favor. The heavy factual argumentation in Wal-Mart's Petition, including references to testimony that it believes is inconsistent with the verdict, by itself shows what a poor vehicle this case would be for the Court to make a definitive pronouncement of the law. It would be one thing if the Petition accepted Samara's version of the facts and then argued that ***even on those facts*** there was no legal basis for the judgment below. But that is not what Wal-Mart did: instead it subjected the Court to a litany of record

references calculated to show that there was evidence in the record that does not support the jury's findings or the judgment entered thereon, or the affirmance in the main on appeal. That approach is inconsistent with the normal standard of appellate review of jury verdicts. In any event, the claimed existence of erroneous factual findings is not ordinarily a basis for granting a writ of certiorari, *see* Supreme Court Rule 10.

- The Second Circuit opinion was ***not*** a departure from prior law. Trade dress protection of the configuration of a product line is nothing new. Other circuits have upheld such protection.[7] What was new about this case, and what garnered the critical comment Wal-Mart cites in its brief, apparently was the fact that the product found protectible here was ***clothing***. Because of the ebb and flow of fashion, clothing will typically change from year to year, and thus its appearance typically will not be source-identifying. But Samara's unique, timeless and conservative design for children's garments, consistent from year to year and ***not*** shifting with fashion, is the logical exception to the normal perception regarding protectibility of trade dress for clothing under the Lanham Act. But that hardly makes the Second Circuit's decision a departure from prior law; it simply means that the well-established prior law had not previously led to

7. *See, e.g., Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260 (Fed. Cir.), *cert. denied*, 516 U.S. 909 (1995) (line of furniture); *Bauer Lamp Co., Inc. v. Shaffer*, 941 F.2d 1165 (11th Cir. 1991) ("neoclassic" line of lamps); *Taco Cabana International, Inv. v. Two Pesos, Inc.*, 932 F.2d 1113 (5th Cir. 1991), *aff'd*, 505 U.S. 763 (1992); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931 (7th Cir. 1989) (line of greeting cards); *Hartford House Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268 (10th Cir. 1988) (line of greeting cards)

protection of the appearance of clothing. Thus, all this case presents is the application of old law to new facts. That sort of situation is not one that cries out for Supreme Court review.

- The main issues presented here were already addressed by this Court very recently and need not be addressed again, especially in a case like this one that simply applies existing law. *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 115 S. Ct. 1300 (1995) disposes of Wal-Mart's issue as to functionality; and *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) disposes of Wal-Mart's issue as to distinctiveness. There is no new issue here for the Court to decide.

Wal-Mart did not identify in its petition which of the several criteria in Supreme Court Rule 10 it relies on to justify its position that the Court should accept this case. It is apparent that the main reason Wal-Mart wants Supreme Court review here is that it thinks the Second Circuit decided Wal-Mart's appeal the wrong way. But even if Wal-Mart is correct that it should have won in the Second Circuit (and it is not), error in the Court of Appeals is not now and never was a suitable reason by itself for this Court to take a case. This case is simply not a matter of national concern. The petition should be denied.

REASONS FOR DENYING THE WRIT

I.

SAMARA'S CLOTHING BEAR DESIGNS THAT ARE NON-FUNCTIONAL AND SOURCE-INDICATING

A. Samara's Trade Dress is Not Aesthetically Functional

Wal-Mart contends that the appearance of the Samara garments is aesthetically functional (Petn. 12-13).[8] But it fails to show how this case presents any unique aspect of the aesthetic functionality doctrine that this Court has not dealt with before. In *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 115 S. Ct. 1300 (1995), this Court held that the green-gold color of Qualitex's dry cleaning press pads (*i.e.* appearance of the product itself, not packaging) could be protectible under the Lanham Act as an indicator of source. *Qualitex* rejected the infringer's claim that the product's color was necessarily "aesthetically functional." In discussing what makes an aesthetic feature functional, this Court quoted the definition of aesthetic functionality as set forth in the Restatement (Third) of Unfair Competition:

> The Restatement (Third) of Unfair Competition [states] that, if a design's "aesthetic value" lies in its ability to "confe[r] a significant benefit that cannot practically be duplicated by the use of alternative designs," then the design is "functional." Restatement (Third) of Unfair Competition § 17, Comment *c*, pp. 175-176 (1993). The "ultimate test of aesthetic functionality," it explains, "is whether the recognition of trademark rights would significantly hinder competition." *Id.*, at 176.

8. Wal-Mart's Petition for a Writ of Certiorari is referred to as "Petn."

Qualitex, 514 U.S. at 170. Notably, Wal-Mart's Petition mentions neither *Qualitex* nor the Restatement. That is unsurprising: this case is an unremarkable, utterly routine application of *Qualitex*. That is why it is unsuited for *certiorari*.

Protecting the appearance of Samara's clothing places no crimp on competition whatsoever. As the Second Circuit has noted, garments can have an almost infinite number of different appearances, which is why protecting the appearance of clothing does not implicate concerns for competition, *Knitwaves Inc. v. Lollytogs Ltd.*, 71 F.3d 986, 1006 (2d Cir. 1995). Aesthetic functionality thus never comes into play in this case. Wal-Mart's failure to discuss *Qualitex* or to articulate how the judgment below will foreclose Wal-Mart from competing is tantamount to a concession on the issue. Thus, there is simply no issue here for this Court to decide. *Qualitex* said it all perfectly a scant four years ago.[9]

Wal-Mart cites the Second Circuit's observation in an earlier case that the Second Circuit "***appears to be*** moving toward a rule that packaging is ***usually*** indicative of a product's source, while the design or configuration of a product ***usually*** is not." *Landscape Forms, Inc. v. Columbia*

9. Wal-Mart's contention that fabric designs are protectible while dress designs are not (Petn. 3) is beside the point. The shape of garment bodies indeed is not protectible. But this case is not about garment bodies. It is about the overall appearance of a line of garments, of which the body shapes are just one feature.

Cascade Co., 113 F.3d 373, 379 (2d Cir. 1997) (emphasis supplied). From this Wal-Mart concludes that, because the trade dress upheld here was not packaging, the Second Circuit eroded its own distinction in this case. But Wal-Mart does not disclose the *Landscape* opinion's ***immediately subsequent*** observation that "[n]either principle is hard and fast, and analysis will always require a look at the product and the market in which it competes." *Id.* The opinion below is thus not a departure even from Second Circuit law. It is certainly not a departure from the law in the rest of the country, where other circuits have often upheld trade dress protection of a product's or product line's configuration rather than its packaging. *See, e.g., Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260 (Fed. Cir.), *cert. denied*, 516 U.S. 909 (1995) (line of furniture); *Bauer Lamp Co., Inc. v. Shaffer*, 941 F.2d 1165 (11th Cir. 1991) ("neoclassic" line of lamps); *Taco Cabana International, Inv. v. Two Pesos, Inc.*, 932 F.2d 1113 (5th Cir. 1991), *aff'd*, 505 U.S. 763 (1992); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931 (7th Cir. 1989) (line of greeting cards); *Hartford House Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268 (10th Cir. 1988) (line of greeting cards). Indeed, even the Second Circuit's own *Knitwaves* test — which asks whether the claimed trade dress is likely primarily to indicate source, 71 F.3d at 1029 — is itself indicative that non-packaging trade dress ***can*** indicate source. This Court itself has held as much by its decision in *Qualitex* that a product's ***color*** (as distinct from its package) can be source-indicating. Even under the authorities that Wal-Mart itself relies on, therefore, there is no issue worthy of this Court's attention.

B. The Trade Dress is Not Too Vague and Amorphous to be Protectible

Wal-Mart's "vagueness" attack concentrates virtually entirely on factual discussion, specifically, the inability of certain witnesses, under hostile examination, to give a thumbnail description of the "Samara look" (Petn. 13-15).[10] But the issue is not whether a witness could give a one-sentence description of the trade dress. Rather, the issue is whether the evidence in the record can legally support the jury's verdict. Samara has set forth above a summary of the facts from which the jury could find a distinctive trade dress. The Second Circuit found that, except as to three of the forty-three Samara garments in the record and two of the sixteen pirated by Wal-Mart, the evidence could indeed support the verdict. Wal-Mart's reliance on parsing the factual record here shows precisely why this case is not a good candidate for review by this Court.

The only difference between the Second Circuit's description of the trade dress and the one proffered by Samara is that the Second Circuit specified that the garments must have a row of two or three appliques along the collar (or, if

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10. Wal-Mart's recitation on Page 14 of the petition misstates the record quite blatantly. The quotes from pages 534-35 and 557 of the trial transcript are ***not*** from the testimony of Samara's Vice-President of Sales. They are from testimony of a third-party witness: Patricia Hamilton, a children's clothing buyer for Stein-Mart, a chain of retail stores. Unlike the testimony of a party, which can plausibly be attacked as self-serving, this third-party witness testimony provided highly credible proof that the appliques and their placement (*inter alia*) create a recognizable distinctive Samara "look." Placement of the appliques was, of course, a "major design element" of the trade dress found by the Second Circuit, 165 F.3d at 128-29.

there is no collar, at the collar line) and on any pockets, 165 F.3d at 128-29. The three garments deemed not protectible had only a single applique not placed in any particular spot on the garment; the Second Circuit determined that these garments "had so few of the described design elements that to afford them protection would mean awarding Samara a monopoly on all seersucker children's clothing with appliques," *id.* at 129. Put differently, the Second Circuit held that these garments bearing just a single applique on seersucker had a generic, rather than distinctive, appearance. Applique on seersucker, standing alone, is just a type of garment: it is generic. Only if the appliques are arranged in a unique way can the trade dress be distinctive according to the Second Circuit.

This approach comes squarely within the *Abercrombie* analysis this Court endorsed in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).[11] Under the *Two Pesos* approach, distinctive marks or trade dresses (*i.e.* those that are suggestive, arbitrary or fanciful) are protectible; descriptive ones can be protectible only upon a showing of secondary meaning; and generic ones cannot be protected. The Second Circuit appears merely to have held that some of the garments had too few of the elements of the protectible trade dress, and thus were generic in appearance. That means the jury had slightly overstepped.

There is nothing unique about the appellate exercise of upholding as much of a jury verdict as complies with legal standards. Contrary to Wal-Mart's suggestion (Petn. 9, 15-

11. In *Two Pesos*, this Court approved Judge Friendly's approach to analyzing protectibility of marks under the Lanham Act, *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

19), this exercise did not consist of the Second Circuit making its own findings of fact. Rather, the Second Circuit merely applied well-established legal standards to uphold the verdict as to most of the items and reverse it as to a few. This certainly presents no crucial legal issue for this Court to decide. *Two Pesos* said it all, perfectly, just seven years ago.

C. There is No Split Among the Circuits, and Certainly None That This Case Can Resolve.

Wal-Mart points to three supposedly distinct standards that the various circuits have enunciated to evaluate claims that the configuration or appearance of a product (as distinct from its package) is a protectible trade dress. As we show below, the three standards are not really different at all. They simply address to different aspects of the concerns a court has when evaluating a claimed trade dress in the appearance or configuration of a product. The main considerations are: (1) ensuring that the claimed trade dress is even capable of being a trade dress, *i.e.*, that it could potentially indicate source; (2) ensuring that the claimed trade dress is not functional; and (3) evaluating whether it is distinctive. These inquiries are closely related in many respects, as the case law bears out. But the various circuits do consider each of these issues. No matter which approach is used, though, the result in this particular case would not change. Thus, this case is not an appropriate one for the Court to accept even if this issue did present a circuit split (which, as shown below, it does not).

1. *Second Circuit*

The Second Circuit's approach to evaluating protectibility of a product line's appearance or configuration

is set forth in (among others) *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996 (2d Cir. 1995) and *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373 (2d Cir. 1997). In *Knitwaves*, the Second Circuit considered whether the appearance of plaintiff's line of "fall motif" sweaters was protectible under the Lanham Act. The Second Circuit rejected the defendant's contention that the appearance of that line was aesthetically functional, because according to the court, the number of possible sweater designs was infinite. Thus, protecting the appearance of the line would not foreclose competition.

But the Second Circuit denied protectibility for a different reason. To establish a trade dress claim in configuration of a product, a plaintiff has to show that its claimed "dress is distinctive ***of the source***," *id.* at 1006. The *Knitwaves* plaintiff had offered no evidence of the source-identifying nature of its claimed trade dress — it appeared to be merely ornamental — so it could not be protected. The Second Circuit opinion in *Knitwaves* does distinguish between trade dress in packaging (for which distinctiveness is evaluated under *Abercrombie*) and trade dress in the product (as to which the Second Circuit said *Abercrombie* does not fit well), but that discussion is dictum, because it is not what *Knitwaves* turns on. Although the opinion's language conflates the two inquiries somewhat, *Knitwaves* never really had to reach the issue of distinctiveness because the claimed trade dress in that case failed the threshold test: whether it could potentially be a trade dress at all. Because the plaintiff had not shown it was "likely to serve primarily as a designator of origin of the product," *id.* at 1008, the appearance of the sweaters was not protectible. There was no evidence in that case that the garments' appearance was anything more than eye-pleasing. It did not have capacity to indicate source.

Landscape refused trade dress protection to a line of outdoor furniture that the plaintiff there said was "at once massive, yet appeared to float," *id.* at 382. This description failed to identify the details of the claimed trade dress, relying instead on an abstract style or concept. As in *Knitwaves*, though for a different reason, the trade dress claim in *Landscape* failed because the plaintiff could not show that it really was a trade dress at all, as distinct from a generalized concept. It lacked the potential to designate source.

In the instant case, all the members of the Second Circuit panel accepted that the *Knitwaves* inquiry was met, because the evidence in the record indicated that the appearance of Samara's spring/summer seersucker line was intended to be, and had the capacity to be, source-identifying. Similarly, the Second Circuit majority found that the record contained sufficient detail of the components of the trade dress that were protectible — so that *Landscape* was met. Thus, the Second Circuit's two threshold inquiries into whether the claimed trade dress is one that is even susceptible of being protectible were both met here.

As noted, Wal-Mart argues that, by finding three of the forty-three Samara garments not to be protectible, the Second Circuit made its own findings of fact. In reality, though, it appears that what the Second Circuit did in this case is proceed to analyze for distinctiveness once it was satisfied that the threshold inquiries were met. First, it determined that there was evidence in the record to support the jury's verdict as to almost all of the garments: it identified the features of the garments in the record that the jury was entitled to find comprised a protectible trade dress. As to the garments it found unprotectible, the court found they "had so few of the described design elements that to afford them

protection would mean awarding Samara a monopoly on all seersucker children's clothing with appliques placed anywhere on the garment. The unprotected garments typically have one large applique on the chest or lower front of the garment. . . ." 165 F.3d at 129. In other words, a garment that has just an applique on seersucker is too generic to be protectible. But if the appliques come in sets of two or three and are placed in the collar, then, (if most or all of the other elements are present) the garments can be distinctive. Thus, this case and its predecessors show that the Second Circuit tests trade dress claims in the appearance or configuration of a product by asking the three questions listed above: (1) is the claimed dress potentially a source-indicator; (2) is it functional; and (3) is it distinctive. The three questions are closely related, but they each look at different facets of the inquiry.

2. *Third Circuit*

The Third Circuit standard as set out in *Duraco Products v. Joy Plastic Enterprises Ltd.*, 40 F.3d 1431, 1448-49 (3d Cir. 1994), purports to be a three pronged test: The plaintiff must show that its trade dress is (in) unusual and memorable; (ii) conceptually separate from the product; and (iii) likely to serve primarily as a designator of origin of the product. In its operation, this standard does not operate any differently from Second Circuit's analysis. In the context of product configuration, saying that a claimed trade dress has to be unusual and memorable is roughly equivalent to saying it has to be distinctive (if it were not unusual and memorable, the configuration would be generic or perhaps functional). Saying it must be conceptually separable from the product is a somewhat different way of saying that the claimed trade dress cannot be functional or ornamental; a claimed trade

dress is conceptually separable from a product if the product would still be the same product even after the trade dress was removed from it. And requiring that the trade dress serve primarily as a designator of origin of the product is merely a different way of asking the threshold question whether the claimed trade dress is susceptible of analysis for lack of functionality and for distinctiveness, or instead is merely an abstract idea or concept, or non-source indicative adornment (or perhaps a functional feature). This three-pronged test tracks the Second Circuit's case law very closely.

Unsurprisingly, therefore, the instant case would come out precisely the same way under the Third Circuit's analysis. The evidence of record shows no other non-Samara garments bearing the combination of design elements the Second Circuit majority identified, so the Samara trade dress is "unusual and memorable." The garments would still be children's garments even if the appliques and collars and other features of the trade dress were removed from them — so the Samara trade dress is "conceptually separable from the product."[12] Finally, it is likely to serve primarily as a designator of source, because the evidence in the record supports that finding, as the Second Circuit held unanimously in its discussion of how *Knitwaves* applies in this case, 165 F.3d at 129.

3. *Eighth Circuit and Fifth Circuit*

The Eighth Circuit and Fifth Circuit both have decided to analyze all trade claims, including those based on product appearance or configuration, under the *Abercrombie*

12. Wal-Mart does not explain its contention (Petn. 7-8) hat the Samara trade dress is not conceptually separable from the garments it is on.

analysis.[13] *Abercrombie* is a test for distinctiveness. But using *Abercrombie* to test for distinctiveness does not negate the other inquiries that the Second and Third Circuits use. Thus, for example, both the Fifth and Eighth Circuit still ask whether a claimed trade dress is functional in addition to asking whether it is distinctive. *See, e.g., Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526, 536 (5th Cir. 1998) (noting distinctiveness and functionality as separate elements of trade dress to be analyzed); *Body Support Systems v. Blue Ridge Tables*, 934 F. Supp 749, 755 (N.D. Miss. 1996) ("[o]nce a product is found to be non-functional, the court turns to the second inquiry [of] whether the product is distinctive"). *See also Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780, 783 (8th Cir. 1995) (inquiry for trade dress protectibility includes distinctiveness and functionality); *Aromatique, Inc. Gold Seal, Inc.*, 28 F.3d 863, 868-874 (8th Cir. 1994) (denying trade dress protection for the "two independent reasons" that product was not distinctive and was functional). Similarly, although the issue has not recently presented itself (as it has in the Second Circuit), there is little reason to believe the Fifth and Eighth Circuits will not continue to apply a threshold inquiry to decide whether a plaintiff's claimed trade dress is even susceptible of being evaluated as a possibly protectible trade dress. *See, e.g., Prufrock Ltd. v. Lasater*, 781 F.2d 129 (8th Cir. 1986) (rejecting trade dress protection for restaurant chain's vague theme of "informal country dining").

Plainly, under this analysis the Samara trade dress would pass the threshold tests and would also be found distinctive

13. *See, e.g., Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780 (8th Cir. 1995); *Sunbeam Prods. Inc. v. West Bend Co.*, 123 F.3d 246 (5th Cir. 1997); *Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 246 (5th Cir. 1997).

and nonfunctional. Thus, the result in this case would be precisely the same.

The inquiries in the various circuits thus turn out to be merely the same questions in different formulations. That means there is no circuit split. Even if there were, however, the precise same result would have obtained in this case no matter which standard was applied. Accordingly, this case is plainly not one that is appropriate for this Court's attention.

D. The "Redefining" is Nothing of the Sort.

1. *There was no "redefining"*

Wal-Mart argues that the Second Circuit erred by redefining the trade dress as determined by the lower court. According to Wal-Mart, the Second Circuit's proposed trade dress is contrary to what Samara advocated at the trial. But Wal-Mart is wrong for a number of reasons. First, Wal-Mart relies heavily on factual discussion that ignores other parts of the record. For example, Wal-Mart says the Samara witnesses denied that a hand-drawn garment collar design with a "snowman" applique was the "Samara look" even though it matched the Second Circuit's articulation of the trade dress (Petn. 17). But Wal-Mart leaves out the witness's explanation of why the design did not look right (*see* fn. 4, *supra*), and Wal-Mart likewise ignores the rest of the witness's testimony on the subject of the hand-drawn collar designs, which the witness concluded with the observation "it could be a copy of the Samara look" (Tr. 263). It should be clear that this argument about the supposed "redefinition" of the trade dress simply underscores how inappropriate this case is for Supreme Court review, because the amount of factual argumentation that is necessary for Wal-Mart to make

the argument muddies the waters of any legal issues that this case may present. There was no "redefinition;" all the Second Circuit did is identify the evidence in the record that supported the verdict, and reverse the judgment as to the very small part of the verdict where the evidence did not legally support it.

Second, Wal-Mart contends that Samara denied that seersucker fabric was essential to the look that it sought to protect, while the Second Circuit held that seersucker fabric is an essential element to the look (Petn. 17-18). Wal-Mart relies for its argument on characterizing certain snippets of testimony from the trial record.[14] But what Wal-Mart does not tell the Court in its Petition is that when Samara submitted a form of proposed final judgment to the district court, that proposed form of final judgment included in the injunctive

14. The main bit of testimony Wal-Mart relies on (Petn. 17) is as follows: "Q: Would I have to have seersucker with this [dress] for this to be the Samara look?" "A: No." But this is contextually not informative, and certainly does not undermine the Second Circuit's finding that the protectible trade dress requires seersucker fabric.

What was at issue in the trial was Samara's Spring-Summer seersucker line. That is all Samara was seeking to protect in this lawsuit; as Samara's president testified, "the appliqued seersucker product is what Samara is known for in the children's wear industry. This is our core business. It is the lifeblood of the company" (Tr. 130). It thus stands to reason that the protectible trade dress is embodied in the line that identifies the company, namely the Spring/Summer seersucker line. That Samara might be also able to construct garments with a similar look that are not seersucker is utterly irrelevant to the source-identifying capacity of the seersucker garments with uniquely arranged sets of appliques that were at issue in this case.

language a provision that among the elements of the proposed trade dress was seersucker fabric (A205). Indeed, every single garment presented to the court at the trial was a seersucker garment. The undisputed testimony at the trial was that the seersucker line is the very core of Samara's business and the one product that the company is known for. (Tr. 130). It is nothing short of astonishing that Wal-Mart can claim Samara was trying to protect anything else.[15] The Second Circuit certainly did not "redefine" anything.

Wal-Mart's related argument that Samara's complaint provided an insufficient description of the trade dress (Petn. 16) is beside the point. On appeal of a judgment entered upon a jury verdict, the issue is not what the complaint says, but rather what the trial record shows. The Second Circuit had no difficulty, upon review of the trial record and the judgment, in upholding the verdict of the jury, except insofar as the jury awarded damages for garments that were, in effect, generic.

Wal-Mart thus is asking this Court *sub silentio* to apply a standard of review different from what this Court and all the Courts of Appeal have historically applied: instead of a highly deferential standard based on drawing every record inference in favor of the jury verdict, Wal-Mart would have

15. The argument that Samara never articulated the trade dress the same way twice is fatuous. There is no requirement that the same words always be used. Indeed, in readable prose, such as Samara's appeal brief (which Wal-Mart says contains five different descriptions of Samara's trade dress), the mode of expression will almost necessarily vary somewhat each time a topic is revisited. There is no requirement that appellate briefs must contain stilted and repetitive prose. This type of argument illustrates the insubstantiality of the issues Wal-Mart wants this Court to consider.

this Court overturn settled practice by taking traditional fact issues out of the hands of the jury. The Second Circuit followed precisely the correct course, by upholding as much of the jury verdict as had evidence to support it consistent with the law. If what Wal-Mart is seeking is to establish a new standard of appellate review for judgments entered upon jury verdicts, it should come out and say so. It certainly made no such argument in the Second Circuit. That it has not said so simply underscores that this is not an appropriate case for this Court to engage in such an exercise.

2. *Deciding trade dress claims is an issue for the jury*

Wal-Mart's related insistence that trade dress claims are similar to patent claims, so that the court and not the jury should have evaluated them, is simply wrong. In *Markman v. Westview Instruments*, 517 U.S. 370 (1996), this Court held that construction of patent claims was the province of the court rather than the jury. But patent claims are, of necessity, written. It is quite unremarkable to say that construction of written documents is an issue for the court rather than the jury to decide.

That is emphatically not the case for trade dress claims, which by definition are not written. Moreover, patent infringement claims are still tried to the jury even according to this Court in *Markman*, *id.* at 377. The fact of the matter is that properly instructed juries can make proper findings of fact in trade dress cases. Wal-Mart does not contend that the jury was not properly instructed in this case, and, as the Second Circuit noted, "Our system relies on juries to perform these [fact-finding] tasks even when the factual issues are challenging and subtle." 165 F.3d at 124.

II.

NEW YORK STATE LAW IS NOT PRE-EMPTED BY THE COPYRIGHT ACT

The Second Circuit held unanimously that Samara's claims under New York General Business Law § 349 and state unfair competition law were not preempted by § 105 of the Copyright Act. While noting that § 105 preempts state law claims that are premised solely on copying, the Second Circuit held that a claim under GBL § 349 and common law unfair competition requires a showing of more than just copying. It requires a showing of "deception" by the defendant and "actual confusion" by consumers. Samara's unfair competition claim likewise required a showing of actual confusion. These extra elements remove the state law claim from the scope of § 105 preemption. 165 F.3d at 130.

Wal-Mart's petition argues that "intentional deception" merely alters the scope of a claim, not its nature — in other words, according to Wal-Mart, the gravamen of the state law claims is copying (whether intentional or not). But Wal-Mart never addresses consumer confusion or deception of consumers as a separate element. The fact is that the state law claims are consumer protection measures that are conceptually similar to the Lanham Act, not to the Copyright Act. Their gravamen is deception and confusion, not copying alone. They target deceit and confusion, not copying. All the tortured reasoning in the world cannot change that. *See* 165 F.3d at 131-32.

In any event, Wal-Mart has not articulated any need for Supreme Court review on this issue. There is no groundswell in the lower courts of improper failures to respect § 105 of

the Copyright Act. There is no split among the circuits about the scope of pre-emption. The New York common law or consumer protection law is not being used as a nationwide way to end-run federal law. This is just not an issue that requires this Court's attention.

III.

SUPREME COURT REVIEW OF THE COPYRIGHT ISSUES IS UNNECESSARY

Wal-Mart has challenged the Second Circuit's decision to uphold the jury's finding that all six of the copyrights Wal-Mart challenged on appeal (out of thirteen that were before the jury) were valid. Wal-Mart has not pointed to any particular novel issue presented by these copyrights. It simply posits, flatly, that the copyrighted works evidence insufficient originality.

But there is nothing about these copyrights that warrants another look by this Court at the degree of originality necessary for copyright protection. Wal-Mart admits in its Petition that the issue was adequately and fully addressed by this Court in *Feist Publishing Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991). The Petition, in other words, asserts only that the Second Circuit misapplied *Feist*. Even if Wal-Mart were correct about that (which it is not), a claimed error in applying settled law is not a basis for taking up this Court's time.

CONCLUSION

For the reasons stated above, respondent Samara respectively submits that this Court should deny Wal-Mart's petition for a writ of *certiorari* in this action.

Respectfully submitted,

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No. 99-150

IN THE

Supreme Court of the United States

WAL-MART STORES, INC.,

Petitioner,

v.

SAMARA BROTHERS, INC.,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

JOINT APPENDIX

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The following opinion, decision and judgment have been omitted in printing this Joint Appendix because they appear on the following pages in the appendix to the printed Petition for a Writ of Certiorari:

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U.S. DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96-CV-5032

SAMARA BROTHERS, INC.,

v.

JUDY-PHILIPPINE, INC., *et al.*

RELEVANT DOCKET ENTRIES

DATE	NR.	PROCEEDINGS
7/2/96	1	COMPLAINT filed; Summons issued and Notice pursuant to 28 U.S.C. 636(c); FILING FEE $120.00 RECEIPT # 266060 (ba) [Entry date 07/05/96]
7/9/96	4	UNSIGNED ORDER TO SHOW CAUSE by Samara Brothers, (See doc. for more information) (ae) [Entry date 07/11/96]
7/9/96	4	Memo endorsed on Order to Show Cause; , Application GRANTED to the extent set forth on the record on 7/3/96. SO ORDERED: (signed by Judge Denny Chin) (ae) [Entry date 07/11/96]
7/10/96	5	MEMORANDUM OF LAW by Samara Brothers, in support of an Order Restraining Further Sales of Infringing

DATE	NR.	PROCEEDINGS
		Goods. (ae) [Entry date 07/15/96] [Edit date 09/22/97]
7/11/96	6	MEMORANDUM by Samara Brothers in support of [4-1] motion. (See doc. for more information) (kw) [Entry date 07/12/96] [Edit date 09/22/97]
7/12/96	14	DECLARATION of Barbara L. Waite by Wal-Mart. (ae) [Entry date 07/15/96] [Edit date 09/22/97]
7/12/96	15	MEMORANDUM OF LAW by Wal-Mart Stores, Inc in opposition to Motion for a TRO and a Preliminary Injunction. (ae) [Entry date 07/15/96] [Edit date 09/22/97]
7/24/96	24	AMENDED COMPLAINT by Samara Brothers, amending [1-1] complaint (kk)
8/19/96	33	ANSWER by Wal-Mart Stores, Inc (Attorney Edward F. Glynn) to amended complaint; jury demand; Firm of: Venable, Baetjer, Howard & Civ by attorney Edward F. Glynn for defendant Wal-Mart Stores, Inc (kg) [Entry date 08/22/96]
8/19/96	33	COUNTERCLAIM by Wal-Mart Stores, Inc against Samara Brothers, (kg) [Entry date 08/22/96]

DATE	NR.	PROCEEDINGS
8/19/96	33	CROSSCLAIM by Wal-Mart Stores, Inc against Samara Brothers, (kg) [Entry date 08/22/96]
9/10/96	37	Transcript of record of proceedings filed before Judge Chin for dates of 7/15/96 at 9:30 a.m. (ae)
2/3/97	50	MOTION by Wal-Mart Stores, Inc for judgment pursuant to FRCP 50, or, in the alternative, for a new trial pursuant to FRCP 59., (ae) [Entry date 02/05/97]
2/3/97	51	MEMORANDUM by Wal-Mart Stores, Inc in support of [50-1] motion for judgment pursuant to FRCP 50, [50-2] motion for a new trial pursuant to FRCP 59. (ae) [Entry date 02/05/97]
2/13/97	52	CONSENT ORDER, STIPULATED AND AGREED BY AND BETWEEN PARTIES AS FOLLOWS: 1) Plaintiff Samara Brothers, Inc. ('Samara") commenced this action on 7/2/96, alleging trade dress and copyright infringement with respect to certain garments manufactures and sold by dft. Judy Philippine, Inc. ("JPI"), and offered for resale and sold by dft. Hills Dft. Stores, Inc. ("Hills"), The Caldor Corp. ("Caldor") . . . . . etc . . . . . 2) On July 3, 1996 this Court issued and order, with the consent of JPI,

DATE	NR.	PROCEEDINGS
		temporarily restraining JPI from manufacturing, seeling, importing, displaying or engaging in commerce in allegedly infringing garments. 3) Trial of this matter is set for 1/6/97. Discovery is to close 12/13/97 . . . . . (see order) . . . . . So Ordered . . . . (signed by Judge Denny Chin); (pl) [Entry date 02/14/97]
2/14/97	53	REPLY by Wal-Mart Stores, Inc. in OPPOSITION to pltff Samara Brothers, Inc.'s Motion for Injunctive & other post-trial relief (motion no filed) (lam) [Entry date 02/19/97]
2/14/97	53	AFFIDAVIT of Barbara L. Waite, atty for Wal-Mart Stores, Inc in SUPPORT of [53-1] motion response (lam) [Entry date 02/19/97]
2/21/97	56	REPLY MEMORANDUM of LAW by Samara Brothers, re: in Further Support of Injunctive and other Post Trial Relief. (djc) [Entry date 02/24/97]
2/28/97	58	Transcript of record of proceedings filed for dates of January 6-10, 1997 before Judge Chin. (kw)
3/31/97	59	SUPPLEMENTAL BRIEF by Wal-Mart Stores, Inc re: in opposition to pltff's proposed injunctive relief (emil) [Entry date 04/01/97]

DATE	NR.	PROCEEDINGS
6/6/97	63	NOTICE OF SUPPLEMENTAL MOTION by Wal-Mart Stores, Inc, SUPPLEMENTING: [50-1] motion for judgment pursuant to FRCP 50, and [50-2] motion for a new trial pursuant to FRCP 59. ; (kw) [Entry date 06/09/97]
6/17/97	64	PLAINTIFF'S SUPPLEMENTAL POST-TRIAL MEMORANDUM OF LAW in response to supplemental submission of defendant Wal-Mart, Inc. (ae)
7/17/97	66	JUDGMENT # 97,1498, ORDERED ADJUDGED AND DECREED that: for PERMANENT INJUNCTION against Wal-Mart hereby enjoined from infringing any of the following valid registered copyrights owned by Samara: VA 751-717 - VA 751-726, VA 768-792, VA 768-793 and VA 768-841.; Samara shall recover of Wal-Mart the sum of $1,584,187. (signed Judge Denny Chin); Mailed copies and notice of right to appeal. (ae) [Entry date 07/18/97]
7/22/97	68	ORDER denying [50-2] motion for a new trial pursuant to FRCP 59 and for judgment as a matter of law plntf motion for injunctive relief and attys' fees is granted as set forth within

DATE	NR.	PROCEEDINGS
		(signed Judge Denny Chin); Copies mailed (cd) [Entry date 07/23/97]
7/24/97	69	NOTICE OF APPEAL by Wal-Mart Stores, Inc; from [66-1] judgment order. Copies of notice of appeal mailed to Attorney (s) of Record: Marya Lenn Yee, Stuart Mark Riback. $105.00 Fee paid on receipt # E 293203. (dt) [Entry date 07/29/97]
8/14/97	73	NOTICE OF APPEAL by Wal-Mart Stores, Inc; from [66-1] judgment order. Copies of notice of appeal mailed to Attorney (s) of Record: Marya Lenn Yee, Stuart Mark Riback. $105.00 Appeal filing fee paid on receipt # E 294797 on 08/14/97. (dt)
8/14/97	74	JOINT PRETRIAL ORDER filed (signed by Judge Denny Chin) (ae) [Entry date 08/15/97]
8/18/97	75	Proposed Voir dire questions and Proposed Jury Charges by Wal-Mart Stores, Inc. . Affidavits of Attempted Service upon Joseph Safdieh c/o Judy Philippine and Alan Safdieh c/o Judy Philippine of Subpoenas in a Civil Case. (pl) [Entry date 08/20/97] [Edit date 09/22/97]
9/15/97	80	NOTICE OF MOTION by Samara Brothers, for an order that the judgment

DATE	NR.	PROCEEDINGS
		under FRCP 54(b) be entered in this action: (a) enjoining Wal-Mart from infringing Samara's current and future copyrights; (b) enjoining Wal-Mart from infringing Samara's trade dress in its Spring/Summer seersucker line; (c) add together the elements of profit awarded by the jury on the separate copyright and trade dress counts because they relate to different infringements; (d) increase Samara's recovery above the amount awarded by the jury, to account for post-July 13, 1996 profits illegitimately earned by Wal-Mart; (e) award Samara pre-judgment interest on the amount awarded to it by the jury; (f) award Samara its attorneys fees under both the Lanham Act and New York Gen. Bus. L. § 3490; with affidavit in support attached. (ae) [Entry date 09/16/97]
10/22/97	84	Filed Memo-Endorsement on letter to Judge Chin from Stuart M. Riback dated 9/29/97; granting Samara Brothers request that Judge Chin advise the Clerk of the Court that the attached forms of jdgmt. should be placed in the Court's file and made part of the record on appeal. These documents shall be docketed as unsigned proposed jdgmts.; (signed by Judge Denny Chin) (ls) [Entry date 10/23/97]

DATE	NR.	PROCEEDINGS
10/22/97	85	Alternative Form of Proposed Judgment by Samara Brothers, Inc. (unsigned) (ls) [Entry date 10/23/97] [Edit date 10/24/97]
10/22/97	86	Proposed Jdmgt. by Samara Brothers, Inc. (unsigned) (ls) [Entry date 10/23/97] [Edit date 10/24/97]
10/22/97	87	Proposed Judgment by Samara Brothers; (unsigned) (ls) [Entry date 10/24/97]
11/3/97	88	Transcript of record of proceedings before Judge Chin filed for dates of July 14, 1997 (pl) [Entry date 11/06/97]
4/30/98	89	MANDATE OF USCA (certified copy) Re: [73-1] appeal by Wal-Mart Stores, Inc. It is now ordered, adjudged and decreed that the judgment of said district court be and hereby is affirmed in part, reversed in part, and case is remanded to said district court for further proceedings. Attached statement of costs taxed in the amount of $725.35 in favor of appellee, Samara Brothers, Inc. (97-7933, 97-9003) Carolyn Clark Campbell, Clerk, USCA. *(Docket as a Judgment #99,1017 on May 5, 1999)*. (as) [Entry date 05/03/99] [Edit date 05/05/99]

DATE	NR.	PROCEEDINGS
7/6/99	90	JUDGMENT #99,1527, that deft Wal-Mart is hereby enjoined from infringing any of the following valid registered copyrights owned by Samara: VA 751-717 through VA 751-726, VA 768-792 and VA 768-793 and VA 768-841. Wal-Mart is hereby enjoined from infringing any other copyright that Samara registered or may register in the future as further set forth in this document. Samara shall recover of Wal-Mart the sum of $1,676,995.77, as further set forth in this document (signed by Judge Denny Chin); Mailed copies and notice of right to appeal. Entered on the docket on 7/7/99 (cd) [Entry date 07/07/99}

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

No. 97-7933

SAMARA BROTHERS, INC.,

v.

WAL-MART STORES, *et al.*

RELEVANT DOCKET ENTRIES

DATE	PROCEEDINGS
7/31/97	Copy of district court docket entries and notice of appeal on behalf of Appellant Wal-Mart Stores filed [97-7933] Form C due on 8/4/97. Form D due on 8/4/97. (cv71) [97-7933]
6/9/98	Case heard before NEWMAN, PARKER C.JJ., CARMAN USCIT (TAPE: #41+42) (CA95) [97-7933]
12/28/98	Judgment of the district court if AFFIRMED in part, REVERSED in part, and REMANDED by published signed opinion filed (FIL). [97-7933] (cv78) [97-7933]
12/28/98	Judge John O. Newman DISSENTING in a separate opinion filed. (cv78) [97-7933]
12/29/98	Judgment filed. (cv78) [97-7933]

DATE	PROCEEDINGS
1/11/99	Appellant Wal-Mart Stores in 97-7933 Petition for rehearing, petition for rehearing en banc [1337350-2] with proof of service filed. (cv78) [97-7933]
4/21/99	Order FILED DENYING petition for REHEARING [1337350-1] by Appellant Wal-Mart Stores, endorsed on motion dated 1/11/99, and DENYING petition petition for rehearing in banc [1337350-2] by Appellant Wal-Mart Stores, endorsed on dated 1/11/99. (cv78) [97-7933]
4/28/99	Judgment MANDATE ISSUED. (cv78) [97-7933]
9/20/99	Letter from Judge Carman advising that he had learned that his wife owns stock in Wal-Mart and that he is exercising his obligation of recusal, received. (cv78) [97-7933]

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96-Civ. 5032 (DC)

SAMARA BROTHERS, INC.,
Plaintiff,

v.

JUDY-PHILIPPINE, INC., K MART CORPORATION,
THE CALDOR CORPORATION, WAL-MART STORES, INC.,
HILLS DEPARTMENT STORES, INC.,
GOODY'S FAMILY CLOTHING, INC.,
and JOHN DOES 1-50,
Defendants.

Amended Complaint

Plaintiff Samara Brothers, Inc., by and through its attorneys, Siller Wilk LLP, for its Complaint herein alleges as follows:

Jurisdiction and Venue

1. By this Complaint, Samara Brothers, Inc. seeks injunctive relief and damages based upon claims for relief for copyright infringement arising under 17 U.S.C. § *et seq*., and for trade dress infringement under 15 U.S.C. § 1125, deceptive acts and practices under N.Y. Gen. Bus. Law § 349 and the New York common law of unfair competition.

2. The Court has jurisdiction of this action pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331, 1334(b), and 1338(a).

3. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b) and (c), 1400(a) and 1409(a) and (e).

The Parties

4. Samara Brothers, Inc. ("Samara") is a corporation organized and existing under the laws of the State of Delaware, with an office and place of business at 112 West 34th Street, New York, New York.

5. Defendant Judy-Philippine, Inc. ("Judy") is a corporation headquartered within this district, with offices located at 1333 Broadway, New York, New York.

6. Defendant K Mart Corporation ("K Mart") is a corporation incorporated under the laws of Michigan. Its principal place of business is in Troy, Michigan. K Mart does business in this State and this district.

7. Defendant The Caldor Corporation ("Caldor") is a corporation organized and existing under the laws of Delaware. It regularly does business in this State and this district. Caldor is a debtor in a Chapter 11 case currently pending before this Court, and all acts alleged in this Complaint occurred after the commencement of its Chapter 11 case.

8. Defendant Wal-Mart Stores, Inc. ("Wal-Mart") is incorporated under the laws of Delaware. Wal-Mart's principal place of business is in Bentonville, Arkansas. Wal-Mart does business in this State and this district.

9. Defendant Hills Department Stores, Inc. ("Hills") is a corporation duly organized and existing under the laws of Delaware. Hill's principal place of business is in Canton, Massachusetts. Hills does business in this State and this district.

10. Defendant Goody's Family Clothing, Inc. ("Goody's") is a corporation duly organized and existing under the laws of Tennessee. Its principal place of business is in Knoxville, Tennessee. Goody's does business in this State and this district.

11. Defendants John Does 1-50 are domestic corporations, partnerships and/or other business entities with principal places of business in the United States and who do business in this State and this district.

Background

12. Clothing has been sold under the Samara name for about 50 years. Over the last decade, Samara has become particularly well known for its line of summer clothing for small children including sundresses, sundress sets, creepers, bubbles, shortall sets, and shortalls. Samara has spent, and continues to spend, large amounts of money and effort in designing, developing, marketing and promoting its line of children's spring and summer wear. The spring/summer line is Samara's single biggest selling line, and is the line of clothing for which Samara is best known.

13. Samara has developed a consistent, uniform "look" for its spring/summer line. The "look" is consistent across the entire line, and the look has become associated with Samara's name. Because of the unique and consistent look, it is possible to identify Samara goods from scores of feet away, without looking at (or even being able to see) hang-tags or labels. The Samara "look" is immediately recognizable to consumers and to members of the retail trade.

14. The Samara look consists of a combination of features that, taken together, give the childrenswear a clean, bright, classic and uncluttered appearance. Specifically, the Samara look includes the following:

- a "clean"uncluttered appearance;
- carefully coordinated combinations of silhouettes, applique designs, fabric patterns and colors;

- placement of the appliques on the garment in order to produce a unified appearance, often by integrating the appliques into the collar and/or the pockets;
- conservative, classic styling that remains consistent from year to year rather than changing with fashion; and
- specially designed stylized appliques selected for consistency across the line.

15. Pursuant to Title 17 of the United States Code, Samara has applied for and obtained copyrights for certain of its appliques and designs. All or some of the artwork for the eighteen garments at issue in this case has been registered with the copyright office; the registration numbers for the copyrights are VA 751-717 through 751-726; VA 768-792 through 768-794; VA 768-826; VA 768-827; VA 768-841; VA 768-842; and VA 720-956.

Defendants' Infringement of Samara's Copyrights and Trade Dress

16. In early June, 1996, Samara received a telephone call from one of its customers demanding to know why Samara's spring/summer line clothing was being sold in Wal-Mart at a retail price comparable to the price Samara charged at wholesale. The short answer was that Samara clothing was *not* being sold in Wal-Mart. As a result of this telephone call, Samara undertook an investigation to ascertain what accounted for the customer's belief that Samara's childrenswear was being sold in Wal-Mart.

17. Samara's investigation brought to light that Judy has manufactured an entire line of children's clothing that is virtually identical in appearance to Samara's products. Judy's goods are almost perfect copies of Samara's. Samara's look has

been purloined, as have the details of the look, including its designs, appliques and placement of appliques.

18. Although the knockoffs manufactured by Judy appear almost exactly like the originals designed and manufactured by Samara, the quality of the Judy products is noticeably lower.

19. Judy's pirated products are being sold under the "Cuties by Judy" and "JPI" labels in stores operated by K Mart, Wal-Mart, Caldor, Hills and Goody's.

20. In addition, Wal-Mart is offering pirated goods for sale under Wal-Mart's private label, "Small Steps." On information and belief, Judy has manufactured the "Small Steps" garments for Wal-Mart.

21. Furthermore, on information and belief, Judy's salesmen in Judy's New York showroom are showing to buyers garments identical to Samara's and representing these goods as part Judy's 1997 spring/summer line. On information and belief, Judy's planned 1997 Spring/Summer line consists in large part (and possibly predominately) of knockoffs of Samara's products.

22. Upon learning of the foregoing activities, Samara immediately made a formal written demand upon Judy, Caldor, K Mart and Wal-Mart on June 14, 1996 that, among other things, they immediately cease and desist their infringing activities and account to Samara for the gains garnered by sales of the infringing goods. Samara's written demand required Judy, Caldor, K Mart and Wal-Mart to respond by June 21, 1996. At the request of Judy, the time for response was extended to June 26, 1996.

23. Several days after learning of the infringement by Judy, Wal-Mart, K Mart and Caldor, Samara learned that Judy's knockoffs were also being sold in Hills and Goody's. By letter

of June 20, 1996, Samara made a similar written demand upon Hills and Goody's, demanding response by June 26.

24. None of the defendants have responded satisfactorily.

First Claim for Relief
(For injunctive relief under 17 U.S.C. § 502)

25. Samara repeats and realleges the allegations of paragraphs 1 through 23 as though fully set forth herein.

26. Samara is the owner of certain artwork used as designs for appliques and garments, which is original and copyrightable subject matter under the copyright laws of the United States, 17 U.S.C. §101 *et seq*.

27. Samara has duly complied with the provisions of title 17 of the United States Code and has secured rights and privileges in and to its wholly original artwork used as designs for fabric and garments, and Samara has duly requested from the Registrar of Copyrights Certificates of Registration pertaining to said designs. Samara has obtained such certificates, identified as follows: VA 751-717 through 751-726; VA 768-792 through 768-794; VA 768-826; VA 768-827; VA 768-841; VA 768-842; and VA 720-956.

28. On information and belief, Judy has deliberately copied Samara's design, appliques and artwork. Judy manufactures, imports and has sold and continues to sell garments in violation of Samara's exclusive rights under Title 17 of the United States Code. Furthermore, Judy threatens to copy and sell as its own yet additional designs and garments bearing Samara's proprietary designs and artwork. Unless restrained by this Court, Judy will continue to copy, manufacture, import and sell goods pirated from Samara in violation of Samara's exclusive rights under Title 17 of the United States Code.

29. On information and belief, Wal-Mart has deliberately infringed Samara's designs, appliques and artwork. Wal-Mart has contracted for the manufacture of garments for its own private label, "Small Steps," in violation of Samara's exclusive rights under Title 17 of the United States Code. Unless restrained by this Court, Wal-Mart will continue to have manufactured goods pirated from Samara in violation of Samara's exclusive rights under Title 17 of the United States Code.

30. K Mart, Wal-Mart, Caldor, Hills and Goody's have sold, continue to sell, and unless restrained by the Court, will continue to sell childrenswear bearing Samara's proprietary artwork in violation of Title 17 of the United States Code. Defendants have not obtained from Samara consent, license or permission for such sales.

31. Samara has no adequate remedy at law.

Second Claim for Relief
(for injunctive relief under 17 U.S.C. § 502)

32. Plaintiff repeats and realleges the allegations of paragraph 1 – 31 as though fully set forth herein.

33. The systemic nature of Judy's copying raises the spectre that Judy will continue in the future to copy Samara's designs, both those currently in existence and copyrighted and those that will be created and copyrighted in the future.

34. Judy should be restrained from copying any designs of Samara that may be created both now and in the future.

35. Samara has no adequate remedy at law.

Third Claim for Relief
(Damages for copyright infringement
under 17 U.S.C. § 504)

36. Plaintiff repeats and realleges the allegations of paragraph 1 – 35 as though fully set forth herein.

37. Defendants have sold children's garments bearing Samara's copyrighted designs and artwork in violation of Samara's exclusive rights under Title 17 of the United States Code, including but not limited to 17 U.S.C. §106. All sales by defendants of the subject items are without license, permission or consent of Samara.

38. Samara is entitled to its actual damages and to all profits that defendants have improperly gained from their infringement of Samara's rights.

Fourth Claim for Relief
(Trade Dress Infringement
under 15 U.S.C. § 1125
for injunctive relief)

39. Samara repeats and realleges the allegations of paragraphs 1 through 38 as though fully set forth herein.

40. Samara over the past decade has developed a line of children's spring and summer clothing bearing a unique combination of colors, appliques, silhouettes and other design elements that unite to create a distinctive Samara look. The Samara look is readily identifiable and well-known to buyers of children's spring/summer clothes, particularly to members of the national trade who make buying decision for stores.

41. Samara has spent and continues to spend substantial sums to develop, design and promote Samara's line of children's spring/summer wear. The distinctive look of Samara's spring and summer childrenswear line is one of

Samara's greatest assets. The line of children's seersucker spring/summer clothes at issue herein is Samara's single biggest selling line, and is the line of clothing for which Samara is best known.

42. Judy [illegible] Wal-Mart have copied at least eighteen separate designs of Samara for children's seersucker spring and summer wear, all of which exhibit the distinctive Samara look which is common to the whole line. Judy has sold the infringing garments to the other defendants, who have sold and are continuing to sell the infringing garments to the unsuspecting public. Wal-Mart also has sold and is continuing to sell infringing garments under its private label.

43. Defendants' infringement of Samara's distinctive trade dress has caused actual confusion and is likely to continue to cause confusion in the marketplace. In addition, the clothing sold by Judy and its customers and by Wal-Mart is of noticeably inferior quality to the clothing manufactured and sold by Samara. The misuse by defendants of Samara's "look" has misled buyers and will continue to mislead buyers into believing defendants are selling Samara clothing when in fact they are selling only Judy's or others' inferior quality "knockoffs". The confusion is also likely to injure Samara's reputation for high-quality goods, since the Judy knockoffs are of noticeably inferior quality.

44. Samara did not consent or grant permission or license to defendants to use the Samara look in the clothing they are selling.

45. Unless restrained, defendants will continue to cause confusion in the minds of the public as to the source of their goods by selling Samara lookalikes that did not originate from Samara, and will likewise cause injury to Samara.

46. Plaintiff has no adequate remedy at law.

Fifth Claim for Relief
(Damages under 15 U.S.C. § 1125)

47. Plaintiff repeats and realleges the allegations of paragraph 1 – 46 as though fully set forth herein.

48. By selling knockoffs of Samara's look, defendants have taken for themselves the fruits of Samara's efforts, deprived Samara of sales and gained unearned profits. Defendants should be required to compensate Samara for its injuries and to disgorge their ill-gotten profits.

Sixth Claim for Relief
(Deceptive acts and practices under
N.Y. Gen. Bus. Law § 349)

49. Samara realleges and incorporates by reference the allegations set forth in paragraphs 1 through 48 of this Complaint.

50. Samara is the owner of certain artwork, appliques and designs used in its line of children's clothing.

51. Defendants' sale to the public of copies of Samara's goods, passing them off as their own, constitutes a deceptive act and practice.

52. On information and belief, Judy and Wal-Mart wilfully and knowingly copied Samara's goods and passed them off as their own. Judy and Wal-Mart continue to knowingly and wilfully engage in such deceptive acts and practices. The other defendants have been advised of Samara's rights in the designs and artwork of the garments, but wilfully and knowingly continue to engage in such deceptive acts and practices. Such actions have injured Samara.

53. Defendants should be required to pay Samara's actual damages pursuant to § 349(h), plus reasonable attorneys fees.

Seventh Claim for Relief
(Common law unfair competition)

54. Plaintiff repeats and realleges the allegations of paragraphs 1 – 53 as though fully set forth herein.

55. Judy and Wal-Mart have copied Samara's styles, designs and artwork and are selling it as their own. Despite having been informed of such improper copying, Wal-Mart, K Mart, Hills, Caldor and Goody's continue to sell Judy's garments, thereby unfairly competing with Samara. Wal-Mart is also selling such garments under its own house brand. The sale of such knockoff garments is an unjustified misappropriation by defendants of Samara's time, labor, talent and investment.

56. Defendants should be required to pay damages to Samara and account for their ill-gotten gains.

WHEREFORE, Samara prays for judgment as follows:

A. On the first claim, enjoining defendants from infringing plaintiff's copyright;

B. On the second claim, enjoining Judy from infringing plaintiff's copyrights and future copyrights;

C. On the third claim, awarding Samara actual damages and defendants' profits for defendants' infringement of Samara's copyright;

D. On the fourth claim, enjoining defendants from infringing plaintiff's trade dress by selling goods bearing Samara's distinctive look;

E. On the fifth claim, awarding plaintiff damages for defendants' infringement of plaintiff's trade dress;

F. On the sixth claim, awarding plaintiff damages for defendants' deceptive acts and practices;

G. On the seventh Claim, an award of damages and defendants' profits for their unfair competition with plaintiff;

H. An accounting by defendants of all sales and inventory of infringing goods, and all profits garnered therefrom;

I. Interest, costs and attorneys fees to the extent permitted or required by law; and

J. Such other and further relief as may seem just and proper to the Court.

Dated: New York, New York
July 22, 1996

SILLER WILK LLP

By: /s/ Stuart M. Riback
Stuart M. Riback (SR-2443)
747 Third Avenue
New York, NY 10017
(212) 421-2233

Attorneys for Plaintiff
Samara Brothers, Inc.

[1]

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96-Civ. 5032 (DC)

SAMARA BROTHERS, INC.,
Plaintiff,

v.

JUDY-PHILIPPINE, INC., K MART CORPORATION,
THE CALDOR CORPORATION, WAL-MART STORES, INC.,
HILLS DEPARTMENT STORES, INC.,
GOODY'S FAMILY CLOTHING, INC.,
and JOHN DOES 1-50,
Defendants.

January 6, 1997
10:00 a.m.

Before: HON. DENNY CHIN,
District Judge

APPEARANCES

SILLER WILK LLP
Attorneys for Plaintiffs
BY: ALLEN G. REITER
STUART M. RIBACK

VENABLE, BAETJER, HOWARD & CIVILETTI LLP
Attorneys for Defendants
BY: WILLIAM D. COSTON
BARBARA L. WAITE

[25] Riback - opening

* * * *

Trade dress. Trade dress is related to trademarks. You may have heard of that term. The term trademark refers to any word, symbol, device or any combination thereof adopted and used by a manufacturer or merchant to identify its goods and to distinguish its goods from goods manufactured or sold by others. The term trade dress refers to the total look or image of a product and includes color schemes, textures, sizes, designs, shapes, words, placement of words, graphics or decorations on a product or its packaging.

[26] The function of trademarks or trade dress is to designate goods as a product of a particular manufacturer or merchant and to protect that particular manufacturer or merchant's good will against the sale of another company's product as the first manufacturer or merchant. Again I will give you further instructions on these concepts later on but I wanted to give us just an idea about them.

* * * *

[30]

You will hear a number of witnesses talking about how every garment in the seersucker line has to have a Samara look. It has to be clean and bright without a lot of lace and frills and bows. It's very traditional, very classic.

There are certain themes and styles that only Samara does and that Samara does year in and year out year after year to the point that people can know that a certain type of dress is a Samara just from looking at it even without looking at a label.

Let me give you two examples.

There is a large scalloped collar with three appliques dropped into the edge of the collar and integrated in to the collar's construction and I will show you from the 1995 line three examples. Here you have the scalloped collar with the three appliques dropped into the construction of the scalloped collar just like that. Again over here, this one was a strawberries number 4 and this one over here, number 6, the same idea, scalloped collar, but it's done with hearts. Here again is the scalloped collar and what they have done is worked the flowers and the leaves into the construction of the garment.

THE COURT: What exhibit number is the last one?

MR. RIBACK: 4A, 6A, and 5A.

THE COURT: Alright.

[31] MR. RIBACK: That was the `95 line. But let me show you the `96 line. Scalloped collar, three different appliques, a different looking dress but the same look, the scalloped collar with three appliques dropped into the edges of the construction work of the collar with the tulip-like flower. It's done with a different kind of strawberry. This one is my personal favorite, teddy bears, or with sailboats.

Another theme they developed is ric rac about a quarter of the way up from the edge of the collar and about a quarter of the way down from the pocket with an applique on either edge of the collar and an applique on either pocket. The `95 example we have here is 1A. The ric rac is about a quarter of the way up with the contrasting collar and about a quarter of the way down, applique, applique. That is the `95 version. Here is the `96 version. These are just examples. The line is much broader but these are examples. Here it's done with hearts. Here it's ladybugs, and this one was popular so they are doing it again.

They are doing it again for `97. I can go through the exercise again with the scalloped collars here with the nice little

heart-shaped boat dropped into the scallop or with cherries or with watermelons. I can do the ric rac with cherries, with double hearts, with tulips.

No one else in the industry does that type of [32] style. These are two examples of the types of things that Samara does. Nobody else does that. Nobody did anyway until Wal-Mart started doing it when they tried to move in and take Samara's styles and designs away without paying for them, and Wal-Mart made over $1 million in `96 for doing that.

* * * *

[46] Jones - direct

Q. Ms. Jones, on the day you went to the Wal-Mart store, did you go with a particular purpose in mind?

A. Yes, I did.

Q. Could you tell the jury what that purpose was?

A. To look for garments that looked like Samara product.

[47] Q. And did you accomplish that mission?

A. Yes, I did.

Q. And what did you do when you saw these garments?

A. I purchased the garment, as one of each style of what I found and on that occasion, I found at least two or three and I went to several Wal-Mart stores.

Q. Now, let me direct your attention to the date --

THE COURT: I'm sorry. You found two or three?

THE WITNESS: Per Wal-Mart store.

THE COURT: Per Wal-Mart store?

Q. All together how many different garments did you purchase?

A. On that day, approximately 12.

Q. Let me direct your attention now to the day before you made that survey of Wal-Mart stores. Do you recall the day before?

A. I don't remember if it was specifically the day before, but, yes, I think I believe the day you're asking about.

Q. What was the longest period of time it could have been before the day --

A. A week, at most.

Q. Do you recall receiving a telephone call from a person employed by J.C. Penney's?

A. Yes, I do.

[48] Q. And where were you when you received that call?

A. I was in my office.

Q. And could you tell us what that person said to you and what you said to that person?

A. The person was a buyer from J.C. Penney and she had called -- she had been in a Wal-Mart store and had -- she said she saw our product at a lower price than what she could retail our product for.

Q. And what was your reaction to being told that by her?

A. I told her it wasn't our product and that we didn't supply Wal-Mart and that to my knowledge, it wasn't anything like our product.

Q. Did you do anything about that conversation after it was concluded?

A. I called my supervisor who was in New Jersey and told him about the conversation.

Q. Could you tell us that person's name?

A. Don Gaffney.

* * * *

[53] Jones - cross

* * * *

Q. How did you find children's apparel?

A. There's a sign over it. It says "Children's."

Q. Now, when you walked to the particular spot where you found the garments, could you describe how they were displayed within the store?

A. On apparel racks.

Q. And could you help us by describing what an apparel rack is?

A. There's different types of apparel racks. There's some that just have two arms. Some have four arms. Some have round rings.

Q. And do you recall the first Wal-Mart store you went to, what kind of apparel rack it had?

A. I couldn't specifically -- they all had some of each of those racks.

Q. And the garments that you purchased particularly, do you know what kind of racks they were on?

A. Specifically, I couldn't tell you which store had which racks at this time. I've been in too many stores since then.

Q. All right. When you walked up, were the garments that you purchased intermingled with other garments?

A. In some cases, yes.

Q. So, you had to sort through the garments to find [54] the one that you wanted that you thought would fulfill your mission?

A. If you want to call it sorting through; yes.

Q. You had to look at some garments that you didn't buy and then you found the one that you wanted to buy; correct?

A. Correct.

Q. On each of the displays, wasn't there a price point advertising what was found on the rack?

A. Not always.

Q. In some cases, wasn't there a sign that said $6.84?

A. I believe I may have seen that sign.

Q. Did you see any signs that said seersucker, children's garments with appliques?

A. No, I did not see that sign.

Q. Did you see any sign that said Samara look-alikes?

A. No, I did not see that sign.

Q. And did any salespeople say to you, here's where you buy the Samara look-alikes?

A. No.

Q. With respect to the phone call you had from Penney's, Penney's was upset because they claimed the price was lower; correct?

[55] A. They felt -- they were upset because the price that they were paying for the garments they could not retail to match Wal-Mart's retail for the same garment.

Q. So, the gist of their complaint to you was they didn't like the price competition; correct?

A. Well, they thought it was the same garment and they thought we were making it for Wal-Mart.

* * * *

[57] Gaffney - direct

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Q. Let me direct your attention to the customers to whom Samara sells. Could you identify some of those customers?

A. Samara's distribution is to the major department stores, specialty stores and the national chains. Dillard's, Belk, Mercantile, Federated, Sears and Penney's are our major accounts.

Q. Can you name some of the department stores that are owned by Federated?

A. Maces, Bloomingdale's, Rich's, The Bond and Stern's.

Q. And could you tell us where Dillard's is located?

A. Dillard's headquarters is in Little Rock, Arkansas and they have approximately 235 stores located in the southeast and southwestern part of the country.

Q. And could you tell us something about Belk?

[58] A. Belk is approximately 250-store chain headquartered in Charlotte, North Carolina, selling pretty much in the Carolinas.

Q. And did you mention Mercantile?

A. I did mention them as one of our major accounts.

Q. And where are they located?

A. Their headquarters is in Cincinnati, Ohio and they have stores pretty much scattered throughout the Midwest.

* * * *

[59]

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Q. Could you tell us to what extent Samara advertises its products?

A. Samara does some advertising in trade publications, but for the most part, our advertising commitment is with our customers in the form of cooperative advertising.

Q. Could you describe to the jury what cooperative advertising is?

A. Co-op advertising a method whereby the retailer will do their own advertising in -- usually in pamphlets and circulars and they ask their vendors to contribute towards the cost of doing that advertising.

Q. Are you aware of any stores that advertise your product without your cooperatively participating in it?

A. Yes.

Q. Now, let me direct your attention to early June 1996. Do you recall having a particular conversation with Deborah Jones.

A. Yes, I do.

Q. And after you had that conversation with Ms. Jones, could you describe what you did?

A. Well, my first reaction was to have Ms. Jones call Jim Tyler who is our independent sales rep located in [60] Charlotte, North Carolina. Jim has several Wal-Mart stores in his vicinity and I asked Debbie to call Jim and ask him to go into those Wal-Mart stores in his vicinity and see if he could find garments selling in Wal-Mart that looked like Samara garments.

Q. Within some period after you had that conversation with Ms. Jones, did you receive any packages?

A. Yes, the following morning, we received a package from Jim Tyler.

Q. And could you tell the jury what the contents were of that package?

A. Approximately a dozen garments, appliques, seersuckered garments that looked identical to Samara.

Q. And could you tell from the garments where they had been purchased?

A. Yes. We could tell they were purchased in Wal-Mart because of the price tickets and we were able to determine the Small Steps label was an in-house brand that Wal-Mart uses and we determined that from the Cuties by Judy's label that at least the Cuties by Judy's were manufactured by Judy-Philippine.

Q. After you received that package from Mr. Tyler, did you give instructions to any other Samara employees with respect to making garment purchases?

A. Yes, I did.

[61] Q. Could you tell us what those instructions were?

A. My first reaction was to meet with some of senior management team that happened to be in our New York showroom at the time. We were having planning meetings. And I spoke to Gary Goldman, our vice president and national sales manager, and asked him to assist me in calling our independent sales reps across the country to have them go into Wal-Mart stores in their vicinity and see if they could find appliqued seersuckered garments similar to Samara's line selling in Wal-Mart.

And then I also instructed several Samara employees to visit Wal-Mart stores in their home territory to see if they could locate Samara-looking-type garments in the Wal-mart stores.

Q. Did you do any shopping yourself?

A. Yes, I visited four Wal-Mart stores on my own.

Q. And what did you find?

A. I found appliqued seersuckered garments selling in Wal-Mart that were Samara look-alikes.

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[64]

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Q. Plaintiff's 38 is the Macy circular.

Can you look at that and tell us if you see any Samara garments there?

A. Yes, I see a Samara sundress.

Q. Could I direct your attention to Exhibit 39?

A. It's a store ad. I can't determine which store, but it's an ad showing our scalloped sundress set.

Q. And could I turn your attention to Exhibit 40?

A. It's either store advertisement advertising a Samara boys' short-all and a girl's sundress set.

Q. You described something earlier that you referred to as cooperative advertising. Are these examples of that?

A. They would be, but I can't tell if this -- if we had contributed to this ad. I have no way of telling. I can't even identify the store.

[65] Q. That's referring to 39?

A. This is 40, 39. Also, I can't identify the store. And we probably contributed to this Macy's ad.

Q. Approximately how much did Samara spend in 1996 on advertising?

A. Approximately $100,000.

Q. And could you describe how much the spending in 1997 --

A. Approximately the same.

* * * *

[66] Gaffney - cross

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MR. COSTON: All right.

Q. Turning first to your distribution, does Samara sell to discount retail stores?

A. No.

Q. Why not?

A. We've been a department store -- our marketing has been to department stores and that's our strategy.

Q. And has that been the case since the introduction of the seersucker appliqued line?

A. Yes.

[67] Q. Why would your sales to discount department stores be injurious to your distribution philosophy?

A. Well, the first point would be that most of the department stores retail our product at a higher price point than the discount stores would be willing to sell it at and we just can't make goods cheap enough to penetrate the discount store market.

Q. So, the traditional customers wouldn't buy your product if you sold to discount stores. Is that correct?

A. Yes.

Q. Have you ever sold to discount stores?

A. We have probably sold some off-price goods at the end of a season, but as a first mainstream customer base, no.

* * * *

[86]

Q. Mr. Gaffney, let me switch subjects now to the copyright registration application.

When did Samara decide to file notices with the copyright office?

A. Shortly after finding out that Judy had manufactured garments looking similar to Samara's.

Q. And prior to finding out that Judy had done this manufacturing, did you have any copyright registrations on file?

A. No.

Q. In your garments themselves did you place a notice that they were copyrighted?

A. No.

Q. As we sit here today are there any notices in Judy garments that they are copyrighted?

A. I don't know about Judy garments.

Q. I am sorry, forgive me. As we are here today does Samara have any notice in its garments that they are copyrighted?

A. No.

Q. Any notice on the hang-tag?

A. No.

[87] Q. Any notice in the label on the back?

A. No.

* * * *

[99] Q. To your knowledge, does anybody have a copyright claim on that particular fabric?

A. No.

Q. How do you know that?

A. Probably because it's freely bought and sold in the industry.

Q. So anybody can use that fabric?

A. Yes.

Q. Including Wal-Mart?

A. Yes.

Q. In fact, the same is true of every one of the fabrics on this rack, correct?

A. Yes.

Q. Wal-Mart can use the fabric that is in Exhibit 2, the seersucker check?

A. Yes.

Q. Wal-mart can use the pink in Exhibit 3?

A. Yes.

Q. It can use the blue-white multi-check in Exhibit 4?

A. Yes.

Q. Any of them?

A. Yes.

Q. And you don't have any problem with Wal-Mart using seersucker?

[100]A. No.

Q. So to the extent you may have made claims in this case for infringement based upon use of particular seersucker pattern you are not making that case now, are you?

A. No.

MR. REITER: Objection.

THE COURT: Sustained.

Q. To the best of your knowledge, Mr. Gaffney, does anybody in the world have copyright protection for any of the fabrics shown in these exhibits in front of the jury?

A. No.

Q. Why is that?

A. Because it's freely bought and sold. It's woven piece goods. No one has a design on the yarns.

* * * *

[103]

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Q. What role, if any, do you have in the design of Samara products?

A. Mostly at the final stage when we are putting the line together.

Q. I believe you said you do private label for Carters, is that correct?

A. We make Carters' outerwear using Carters' label. It's not for Carters. It's sold throughout the marketplace.

Q. I misunderstood. Do you make these products that are at issue in this case for any person for them to sell under their private label?

A. Yes, we have in the past.

[104]Q. And for which companies?

A. We have made them for Belk, Carters, Atkins.

Q. When Belk sold it under what brand name did they sell it?

A. Nursery Rhyme and Carousel.

Q. When Carter sold it under what name?

A. The Carter label.

Q. And the third company?

A. Atkins.

Q. What label did they sell it under?

A. I don't remember the names of their labels. It wasn't Atkins. It was some cutesy kid's name.

Q. Was all that merchandise manufactured in the Philippines?

A. Yes.

Q. Was it directly shipped then to Belk, Carter and Atkins?

A. Not directly shipped.

Q. It would come to your facility?

A. Yes, our distribution facility, and then shipped to the stores.

Q. On those particular garments, did they say anywhere that they were Samara garments -- that is, the Belk, Carter and Atkins private label?

A. No.

[105]Q. Those three customers elected to have their own name put in the garment, not the Samara name, correct?

A. Correct. The garments do have our end number which is a number that is registered with the government and traces back to the manufacturer.

Q. But that is not something that the customer would know.

A. The consumer would not know that, no.

* * * *

[108]
January 7, 1997
9:55 a.m.

* * * *

[127] Q. As we sit here today, Mr. Gaffney, to your knowledge, is Judy-Philippine authorized to manufacture children's garments free of any claim of infringement by Samara?

MR. REITER: Objection.

Q. Is there any product they can make?

MR. REITER: I'll withdraw the objection.

A. To the best of my knowledge, yes.

Q. Can they make children's garments that have seersucker?

A. Sure.

Q. Can they make children's garments that have a yoke collar?

A. Yes.

Q. Can they make children's garments that have appliques?

A. Yes.

Q. And can they make children's garments that have that whole thing, seersucker, yoke and appliques on the yoke?

A. Yes.

* * * *

[130]

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Q. For what purpose did Samara commence this action?

A. We commenced this action because our core business was being attacked. Our garments were being knocked off and the exact look-alikes were selling in Wal-Mart and we did not authorize that activity.

Q. You used the phrase just now, "core business," could you expand upon that?

A. The appliqued seersucker product is what Samara is known for in the children's wear industry. This is our core business. It is the lifeblood of the company.

Q. Had you formed a conclusion at the time that you contemplated commencing this action about the impact upon Samara of this kind of copying if it continued?

[131] MR. COSTON: Objection; leading, your Honor.

THE COURT: Overruled.

A. When the problem first was brought to my attention, the one objective that we had was that -- I had was survival of the company.

* * * *

Q. Are any of the people -- withdrawn

Were any of the defendants customers of Samara's?

A. Yes.

Q. Which?

A. Goody's.

Q. Did any of those retailers whom you named in this action, that is Goody's, K Mart, Hill's and Caldor use the clothing that had been manufactured by Judy-Philippine under their own label?

A. Can you repeat the question?

Q. I'll rephrase it.

[132] Among Goody's, K Mart, Hill's and Caldor, when they carried the Judy's merchandise, did they carry it under their own private brand or under some other name?

A. It was under the Cuties by Judy label, to the best of my knowledge.

Q. Of all the defendants in this action, did any of those defendants carry the Judy-Philippine's merchandise under a private brand name?

A. Not that I know of.

Q. Under what name did Wal-Mart carry it?

A. Small Steps.

Q. And what is Small Steps?

A. To the best of my knowledge, Small Steps is Wal-Mart's private level, in-house brand.

Q. Other than Wal-Mart, did any other chain carry Judy's merchandise under its private label?

* * * *

[144] Gosda - direct

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Q. Could you explain to the jury what your practice is in creating a design?

A. When in the beginning of creating a design, what we do is we start -- we have two seasons. We design spring-summer and fall-winter. We start with -- we're going to design a line for that season.

My supervisor gives me a plan and on that plan, he denotes fabrication and body styles. For apparel, about 90 percent of the body styles are already created and we're going to repeat them. There's a few left open that will be new designs.

So, I have all the body styles and all the fabrics picked out and I give to those body styles and fabrics an applique. So, I sit down and design the [145] applique.

Before designing, of course, I need inspiration. So, I shop stores. I shop all kinds of stores. I shop clothing stores, home stores. I shop bookstores. I shop card stores. I look at magazines. I look at real life. So, with that inspiration, I then go and I design my appliques, or if there needs to be body styles, also the body styles.

I do what I call rough sketches. They're usually in pencil. They're not perfect. That gives you an idea of what my ideas are. I show them again to my supervisor. He decides if he likes them, what he wants to keep in the line. Maybe he wants to throw some stuff away.

I rework, I do a little more work. I show them to him again and I may do that one, two, three times until he's happy with everything I've done. And when he is happy, I clean the sketches up. I work on them until I'm happy with them and they're perfect.

I put them in black and white. I use ink. And they become a black-and-white drawing. And with those black-and-white drawings, I scan them. We're now all computerized. Everything in our job we do on computer.

We scan those black-and-white drawings into the computer and those black-and-white drawings go into a form called BOMs, bits of material, and in those forms have all [146] the details.

It has the picture. It has the fabrication. It denotes where the fabrication goes. It has all the accessories. It has the packing instructions, label instructions, the style number. That's what our garments are identified, by style numbers.

It has the style number, and it also has any artwork attached. That also is scanned in and attached the colors are denoted for that artwork. And all of that is sent to Manila. It's sent via e-mail now and it's sent to Manila and Manila sends us back a sample in about four to six weeks.

Q. What happens when you get that sample back?

A. We look at the sample. If we're happy with it, it becomes part of the line. If we're not happy with it, we send it back.

We may not be happy with the placement of the applique, the size of applique. Maybe the construction of the garment. They might have done a poor job. We make comments. We send it back. We send the comments and it depends on the time frame. It also depends on what was wrong.

If it's not a big issue, we may ask for another sample. We may not, but those comments may then be put into production and the production should come out correctly.

* * * *

[147]

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Q. I'm going to show you Exhibit 10A.

MR. REITER: Could I have Mrs. Gosda come down and stand before the jury?

THE COURT: Yes, yes. If you could hold it so that the jury could see 10A.

Q. Are you familiar with that design?

A. Yes.

Q. Could you tell us the basis of your familiarity?

A. I was in charge of designing the applique.

Q. Is that the applique the you designed?

A. Yes, it is.

Q. Could you describe to the jury the process by which you designed that applique and the kind of choices you made in doing so?

A. Once again, like I said, I got a plan, so I --

THE COURT: Ms. Gosda, you need to speak up so the reporter could hear you, but we're switching now.

A. So, I knew the body and I knew that, you know, the applique in this body -- this is the sample where Samara would put the applique.

And we wanted to fill the whole area. So, we put [148] three items across. This is a baby garment, either newborn or infant. We probably product it in both size ranges.

So, when I do newborn and infant items, I make it what I called rounded. I want them to be soft, cute, that kind

of thing. So, I made it rounded. And being three cars, I made it simple. There's no bumpers, headlights. There's nothing like that on the car.

You don't want anything making your eye go a little crazy. So, I made it rounded and I split the window, just to make it a little interesting. If there's one big glob of yellow, yellow is an strong color and is going to hit you right in the face.

And the wheels, you notice there's a center color. So, in the center color, it's a yellow, too, balancing that yellow. Yellow is a very strong color.

And that's pretty much where my conscious decisions came up doing that applique.

[149] Q. Let me show you another garment as well.

May I show you Exhibit 10B, which is a garment with a Wal-mart price tag and a Small Steps label.

Can you hold the two garments side by side so the jury can see them.

I am handing the witness now Exhibits 3A and 3B.

Ms. Gosda, are you familiar with Exhibit 3A?

A. Yes.

Q. And could you tell us what that is?

A. This is a Samara sun dress, again an infant sun dress with a strawberry basket applique on it with strawberries.

Q. What is the basis of your familiarity with that particular design?

A. I designed this applique also.

Q. Could you tell us, as you did with respect to the other garment we had you look at, how you came up with these designs, what sorts of choices you made?

A. Once again it would be the similar situation where I am given a plan and the fabric and the body were picked out. In this body Samara always puts -- we put subject matter in the yoke and to make it balanced you want the same subject matter on the skirt. And the picking of the subject matter is arbitrary. It's cute. We are going to use strawberries. So I drew the strawberries and put [150] them in a bucket. Again it's cute. I wanted to do it. The bucket being designed is one color. It's simple. It's not too hard on the eye. But you want a little interest so I put the lines going across just to create a little texture and make it look a little more interesting. Again the strawberries cascading out of the bucket like they would in nature, and I put a strawberry on the bottom because I want the balance. I don't like things unbalanced. That is the way I do things.

I like it when it looks nice and balanced, symmetrical, and the three strawberries on top. I didn't like when strawberries look too much like a heart so I wanted to make this a little flat. I didn't do it like a heart and a leaf going this into the strawberry bringing the leaf onto the strawberry.

Q. You have another garment that I asked you to hold there, which is Exhibit 10B. Could you hold that up.

THE COURT: 3B.

MR. REITER: Yes, 3B. Thank you.

Q. When you design clothing do you design it with a particular look in mind?

A. I definitely do.

Q. And if you can go over to the rack, could you looking at other Samara garments, explain what that look is and how you attempt to achieve it?

[151] A. I call the Samara look simple-like elegance, or simple sophistication. When I first started working at Samara it took me a while to get it because I came from different companies that did things much more racy. There were more elements in the items. But when you look at a Samara garment they are simple. They are not too simple where you are bored with them but they are simple. They look sophisticated. They look boutiquey. They look very, very nice.

Like I said, it took me a while. It's hard to put into words, but there is a look. There is something I had to learn. I remember my boss, my supervisor, said it doesn't look like Samara, you can't do it that way. It took a while. This is what we do. It just looks like I said, simple sophistication.

Q. Turning to Exhibit 4A and 6A, could you explain how that -- if it is, is that prat of the Samara look?

A. Yes, it is. It's nice and clean. There is the strawberries. They look right. I don't think -- I know you want to keep things close to nature so we didn't make the strawberries purple. We made them pink, not red. It's a pink. It's a pink one tone off the seersucker so they are not too bright and saying "look at me, I am strawberries." And the green and it balances. It's a nice light green balancing with the pink.

[152] Q. Is there a connection between the applique itself and the collar in which it sits?

A. Yes, there is. This is called a scalloped collar and what we do is design designs to fit into a scallop.

Q. As far as you know, is that the only way in which this kind of design can be done or -- I will rephrase that.

Are there other ways to put appliques on children's clothing besides the kind we see here?

A. Yes, many. There are many ways.

Q. I am showing the witness what is marked as Exhibit 18, a Carters' garment.

I am going to hand you a series of garments, Ms. Gosda, and could you tell the jury whether they have, in your view, a Samara look or are they different, and if they are different explain how they are different.

A. This is different. First, we don't do accessories with our garments. Secondly, fabric mixing. We don't often do fabric mixing. It's not just what Samara does. Also, the knit with the woven.

Q. What about the applique?

A. The applique is just -- well, honestly I probably wouldn't put yellow on that. That is a lot of yellow.

* * * *

[153]

* * * *

Q. Ms. Gosda, I had you last looking at Exhibit 18 and you were describing that garment compared to Samara's garments. Could you just put it over near the Samara garments?

A. Sure. It looks so unlike ours there is really no comparative garment.

THE COURT: I couldn't hear you.

A. It's so unlike ours there is no comparative garment.

Q. Perhaps it would be good if you stood there because it may enhance the likelihood people will hear you and me.

Let's look at Exhibit 19, which is a Small Steps Wal-Mart garment, and with respect to these without my repeating the question what I ask you to address is the similarity or dissimilarity between Samara's look and the look of this garment.

A. Again, this is a collar with decoration on it but you can see it's very different from our collars with decoration on it. Sometime it's very hard to put into [154] words what sometimes visually is easier.

Q. On that particular garment --

A. The collar is much smaller. It's not as important as in our garments. We make the collar important because that is where the decoration is. It's embroidery not applique.

Q. To what extent is that design in Exhibit 19 integrated with the collar as compared to the Samara garment?

A. I don't understand what you are saying.

Q. What is the relationship --

MR. COSTON: Objection, leading.

THE COURT: Sustained.

Q. What is the relationship between the embroidery on Exhibit 19 as compared to the applique on Exhibit 8A?

A. 8A, as you can see the applique is in the collar shape. It makes the shape of the collar. On this it's just applied into the collar.

Q. I am now showing you Exhibit 20.

A. There are two pieces and this is, again, just another way to decorate clothing but it's very, very different. The leaves are appliqued and the flowers are embroidered. There is the little outline embroidery, very different than what we do. It has much more color going on than what we do. The body is something that we don't do. [155] We don't do two-piece bodies such as this.

THE COURT: What brand is that, 20?

THE WITNESS: There is no label in the neck.

THE COURT: Alright.

Q. Exhibit 24 is --

THE COURT: I take it 20 is not a Samara?

THE WITNESS: No, it's not a Samara garment.

MR. COSTON: Can we ask we designate them as Defense 20 or Plaintiff 20, because there are a lot of garments here.

THE COURT: We should be using plaintiff and defendant. And we have been referring to all plaintiff exhibits for the record, correct?

MR. REITER: These are all plaintiffs. I will be returning to defense exhibits and I will make that clear on the record when I do.

Q. This is Plaintiff Exhibit 24 which carries a Mine Alone label and hang-tag.

A. Again, it's another way to decorate. It's just different. It's much smaller than what we do. The mix of fabrications isn't common in Samara. The black outlines -- we don't use black outlines. In our look we think it's too harsh for

children, and both the pot on the hearts and the flowers are black outlined. Actually it's all black outlined.

[156] Q. Discussing the appliques and their appearance on the fabric rather than body style in the fabric itself, let me turn your attention now to Exhibit 25 which has a Mervyn's tag on it.

A. In regards to the applique, it's very different than something we would do. This is screen printed and then the heart is appliqued on. Our appliques are solid pieces of fabric or something a printed piece of fabric as you see in the mini dots appliqued on. There is also a three-dimensional rosebud. You wouldn't see that. And there is also words. Words kind of are not Samara. We just don't do words.

Q. Just so there is no confusion, Ms. Gosda, you are standing next to Exhibit 8A and next to Exhibit 8A is Exhibit 8B. Who is the manufacturer of Exhibit 8A?

A. Samara.

Q. And if you can just move aside that other exhibit, can you tell us what the label is on Exhibit 8B?

A. Cutesies by Judy.

Q. Is there a tag on there that shows where it was purchased?

A. Wal-Mart.

Q. Can I ask you just one more thing. Could you just hold those two garments up before the jury so they can look at them closely, so they can determine if there are any [157] similarities.

Thank you.

I am now showing the witness Exhibit 26, which simply says Sample Line and Fashions Products Limited.

A. Again in reference to the applique?

Q. The applique and it's relationship to the fabric.

A. The applique in relation to the fabric we could wouldn't put white on the stripe because it shows through. It also shows through on the yellow. According to my designing for Samara it's a bad choice.

Q. Does the applique itself look like a Samara applique in other respects?

A. I think the coloring is bad on this one.

Q. What about the size of the applique?

A. Actually I think the placement is a little low because you are going to be ending up in the belly and when a child sits you won't see that whole applique. You want it a little higher.

Q. How about the busyness of that design compared to a Samara design?

A. Again, for Samara sails would be the same color. There is too much difference there.

Q. Directing your attention to Plaintiff Exhibit 27, which is a Wal-Mart garment that was manufactured by Judy.

A. The placement of the applique is a little [158] different and the design is a little weird. The sails are going into the boat. And the stripe gets a little confusing with the garment stripe. You have another stripe going on and this sail is a whole different color with different color outlines. This is a little busy.

Q. Does Samara make appliques and put them on fabric in that way?

A. Just to denote my history with Samara, recently I have just been designing the boys outerwear. I was designing all the para, all the outerwear up until I would say 1994, and if there is new styles I don't want to say no because I don't know if there are any new styles that we have.

Q. Historically.

A. Historically, no. None that I was involved in when I was designing.

Q. Turning now to Plaintiff Exhibit 28, which has a Hex label on it.

A. Again this is two pieces so you can see. And this applique is pretty busy. It has the dots on the gingham. There is a lot of white there going on right in that sail. There is so much white. And there are also three of them. In this two-piece garment that is a lot of appliques.

Q. Can you hold that sail next to the Samara sail on [159] Exhibit 8A. In all the garments I have shown you in this grouping, and I have one more, do any of them have what you believe to be a Samara look?

A. No, they don't.

Q. Turning to Exhibit 29, which has strawberries, in addition to addressing that garment itself, can you compare it to Plaintiff Exhibit 4C.

A. Well, they are both strawberries but after that it kind of ends. These are strawberries with flowers. The leaves are very different. Samara's strawberries have vines and again there are three of them. That is the garment. And they are also shaped very differently and the leaves are shaped very differently.

Q. Let me show you at this time, Ms. Gosda, defendant exhibits, Wal-Mart Trial Exhibit 62. It says Little By Little on the back. I am asking you the same series and I would like you to address the same series of questions.

A. This is very different than anything we would do. Here on the neckline you will notice this is manufactured lace and they have taken the manufactured lace and put it into the flowers, all three flowers, something we wouldn't do, the ric rac and the 3-D. That is a lot going on and we wouldn't do an applique like that.

Q. Showing you now Wal-Mart Trial Exhibit 63.

[160] A. This is a very complicated embroidery, besides the fact this is something you couldn't do, a Minimouse, unless you are licensed to do it. And it's also very complicated. There is a lot of black. We stay away from black.

Q. There are also some strawberries on it.

A. There are strawberries and they are tiny and done very differently and they are embroidered and there is a black outline on the one she is holding. All those type of elements denote it's different than Samara.

Q. Turning your attention now to Wal-Mart Trial Exhibit 64, which is a Baby Togs garment from Wal-Mart.

A. Again, this becomes an element because it goes along with and it reacts with the embroidery, and the embroidery is just very different.

MR. COSTON: Your Honor, I can't see.

Can I ask the witness when she says "it" to describe the "it."

THE COURT: You can also step to the side if you want.

A. The bow interacts with the embroidery. That is what I was trying to say. So it becomes an element. We don't put 3-D elements with our embroideries or appliques.

Q. I am now showing you Wal-Mart Trial Exhibit number 61, which has a Little By Little hang-tag on it.

[161] A. It's a 3-D butterfly. It has two pieces and it's actually not even embroidered or appliqued. It's heat transferred. It's very different.

Q. I am now showing the witness Wal-Mart Trial Exhibit number 59, which has a hang-tag from Gelmart and is from a Wal-Mart store.

A. This just doesn't look right. Again, it's hard to put into words. This actually looks unfinished to me. Again, the 3-D makes it different than Samara. The dot is very big. We often don't use dots this big. If you are using a small applique piece you will never see the dot so it doesn't make it worth it. The stems look like they need something. It's very long for this garment. The baby is going to sit and you won't see much of that. Most of these babies are sitting at this point.

Q. I am now handing the witness Wal-Mart Trial Exhibit number 57, which is a Baby Togs garment.

A. The yoke is very low. The colors -- we don't run these colors. And this is something we don't do, the embellishment of the stripes, the dashes. We don't do that.

Q. What about the appliques themselves?

A. You won't find appliques shaped like this or like this in our line. Just the subject matter. We don't often do circus animals. Again, the yoke is very low.

Q. Showing the witness Wal-Mart Trial Exhibit 56, [162] which is a Baby Togs.

A. Again, I think this is very busy for the look that we do. You have a striped background and the stripes on the sails is kind of confusing to the eyes. There is a lot of stripes going on there. And there is no consistency. This is fabric, this is fabric, and these are embroidered. If we were going to do something it would be consistent, all embroidered.

Q. Showing the witness Wal-Mart Trial Exhibit number 55, which is another Baby Togs.

A. This is two pieces also and again in relation to the busyness, I think this is just busy. All of this embroidery outline on the fins makes it a little confusing and a little busy and the outline with the circles.

Q. I am not handing the witness Wal-Mart Trial Exhibit number 54, which is a manufacturer called Wee Too.

A. I know saying simple is good, but this is too simple. It's very stark. All that navy on that little pocket. Also in relation to a lot of the garments, not everything is necessarily going to be placed the same area. Like the shortall that you just showed me, the Baby Togs that you might want to hand me back, it's quite possible the applique can go there. There is no reason it has to be on the chest, and we do that often. Samara does it often, that there is an applique in the leg.

[163] As I said with this one, this is a little too simple. Again, it doesn't have to go in the pocket. This could be nicely balanced if you put the embroidery over here because you have a pocket and a little embroidery.

Q. I am showing the witness Wal-Mart Trial Exhibit number 53, which is a two-piece garment and I can't find a label on it.

A. Again, this is what I would consider kind of badly done. The ladybug doesn't look very much like a ladybug and

this is all knit applique. We don't use knits in our appliques. We use all woven fabrics.

Q. I am handing the witness now Wal-Mart Trial Exhibit number 50.

A. These aren't even appliques. These are done by a lace company and then tacked on.

Q. I am now handing the witness Wal-Mart Trial Exhibit number 65.

A. The whole garment in total doesn't like look like a Samara garment. You have embroidery on a shifley. Shifley is when you buy a piece of lace already embroidered. A lot of collars will be done in shifley and this has holes which will denote it's a shifley collar. They probably would have bought this like this, the whole thing, and done these to match, I suppose.

Q. I show you Wal-Mart Trial Exhibit number 73, [164] which has a Wee Too label and hang-tag.

A. As concerns to this, this applique again is too busy, having the plaid behind the ball, but also these don't look very right. I don't know if they are supposed to be bats or an X or golf clubs. As far as my sense of design I wouldn't want that to look like that.

Q. I am now handing the witness Wal-Mart Trial Exhibit number 69, a Mick Baby garment.

A. Again, what I have said about a few of the appliques, this happens to be embroidery on felt but it also happens to be very busy. There is a lot of black going on in there and what I can see as a designer I know what they have done, they want the colors to match the fabric. We wouldn't do a fabric like this with these colors.

Q. Handing the witness now Wal-Mart trial Exhibit 68, another Mick Baby.

A. I think this is pretty much the same. It's the same thing. Also, if you note there are two border colors. When I do a patch for Samara I wouldn't do two border colors; I would do one.

THE COURT: Are there many more of these? I think we are getting the point here.

MR. REITER: Four. I will skip the next two Mick Babies and show the witness two more, which I will show at once, Exhibit 72, a Wee Too, and Wal-Mart Trial Exhibit 71, [165] also made by Wee Too.

A. Again, not commenting or negatively trying but, again, it's busy with the flag and the art work just doesn't look right. It looks a little askew. This wing here looks askew. The scarf is a little long and the words -- we just don't do words. This is just not a Samara look. It's sometimes hard to define. When you see it it's kind of easy but in words it can be difficult.

Q. Have any of the garments I have shown you had, in your view, a Samara look?

A. No.

MR. REITER: I have no further questions of this witness.

THE COURT: Alright.

CROSS-EXAMINATION BY MR. COSTON:

Q. I am Bill Coston representing Wal-Mart.

I won't cross examine you on every one of those garments but there are a few more I would like you to look at.

A. Okay.

Q. Before we start, I think it's fair to say that there are a lot of children's garments in the world.

A. I think that is fair.

Q. There are almost an infinite number of ways to [166] design garments, correct?

A. True.

Q. A lot of different appliques, correct?

A. Yes.

Q. A lot of different kinds of fabric?

A. Yes.

Q. A lot of different treatments.

A. Yes.

Q. It's possible that a buyer of children's garments in the ordinary course of business could see tens of thousands of different garments in a year.

A. That is true.

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[168]

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Q. Now, Ms. Gosda, would you agree that the single ugliest garment of those that you looked at was the brown one?

A. Actually I would not.

Q. You thought one was uglier?

A. Uglier?

Q. Yes.

A. I don't think any of them are ugly. I think they are all different. I think they are all cute but very different from Samara designs

Q. If you can turn the rack around so we can get Exhibit 1, which has the ric rac with the flower on it.

Now, pointing to just the flower itself, the pink flower, that is a very common design in the design of children's clothing, isn't it?

A. Meaning that it's a flower or the way it's designed?

Q. That particular shape of a circle with five petals coming around appears quite often in children's clothing?

[169] A. Often, I don't know. It's a little vague.

Q. You have seen it several times?

A. I have seen it in many places I would say. I have seen it in real life. The thing is you are asking me to recall off the top of my head. I can't say for sure where I have seen this.

Q. You see a lot of stimuli in your life and you can't always remember where you see them.

A. Exactly.

Q. And that is true of people who buy clothing too, isn't it?

A. I think that is true of everybody, yes.

Q. Let me show you what has been marked as Wal-Mart 52 and ask if you could show that to the jury and describe the flower that is there.

A. It has a center and it has 1, 2, 3, 4, 5 humps that are not connected to the center.

Q. Now, comparing it to the Samara flower, is it similar?

A. Not the same.

Q. Is it similar?

A. In my opinion, no.

Q. It has five humps?

A. Yes.

Q. The Samara has five humps?

[170] A. The Samara has five petals.

Q. It has a center. The Samara has a center?

A. Yes.

Q. Let's direct your attention to Wal-Mart 51. Does this garment have the Samara look?

A. No.

Q. So it appears that Wal-Mart sells a lot of merchandise that doesn't have the Samara look, correct?

A. I don't know. I haven't gone through the Wal-Mart inventory.

Q. Of the garments you looked at here virtually none of them have the Samara look, correct?

A. Correct.

Q. So if Wal-Mart is selling these they are selling some merchandise that doesn't have the Samara look, correct?

A. "If," yes. Correct.

Q. Now, this garment does not have the Samara look, correct?

A. No, it doesn't.

Q. It has seersucker.

A. Yes it, does.

Q. But seersucker alone doesn't make the Samara look.

A. No.

Q. And it has not many colors, a limited number of [171] colors, correct?

A. Yes.

Q. But just a few colors doesn't make the Samara look.

A. No, it doesn't.

Q. Let's try Wal-Mart Trial Exhibit 58. Does that garment have the Samara look?

A. Yes, it does.

Q. And who manufactures it?

A. It does not say.

Q. Should a company be allowed to manufacture a garment like that, in your opinion?

A. It's not an exact copy.

Q. So having the Samara look is okay. You just can't do an exact copy, in your opinion?

MR. REITER: Objection.

THE COURT: Sustained.

Q. You don't have to answer that.

That has the Samara look but you would expect to find a garment like that for sale to the public, correct?

MR. REITER: Objection as to her expectation.

THE COURT: Sustained as to form. I am not sure about that.

Sustained as to form.

Q. You go shopping?

[172] A. Yes.

Q. You shop the competition and I think you actually said that earlier in your testimony?

A. Yes.

Q. In shopping the competition have you found garments similar to that?

A. Yes, I have.

Q. And have you gone back to your employer and said we need to stop a company from selling this garment because it's a Samara lookalike?

A. Because it's not exactly. It's not a copy.

Q. Wal-Mart Trial Exhibit number 70, if you could let the jury know whether you think that is a Samara lookalike.

A. No.

Q. Would you agree it's simple?

A. Simple.

Q. It has an applique?

A. Correct.

Q. On the yoke.

A. Correct.

Q. But is's not a Samara look and feel, if you will?

A. No.

Q. So that the jury can take from this that a company can sell garments with appliques, correct?

[173] A. Yes.

Q. And not have the Samara look and can have an applique on the yoke and not have a Samara look.

A. Correct.

Q. This will be the last one of the Wal-Mart exhibits, Trial Exhibit 60. Does this garment have the Samara look?

A. No.

Q. It does not?

A. No.

Q. It's seersucker?

A. That is correct.

Q. It has three appliques?

A. That is correct.

Q. In the yoke?

A. Yes.

Q. Scalloped yoke?

A. It's a scalloped collar.

Q. Scalloped collar. Am I misusing the word yoke?

A. Yes.

Q. What is a yoke?

A. It's this part of the body.

Q. I apologize.

A. That's alright.

Q. It has a scalloped collar?

[174] A. Correct.

Q. And it has the strawberries connected to the collar?

A. Correct.

Q. But that is not the Samara look?

A. No.

Q. Could you tell the jury why?

A. Because the strawberries appear to be under the collar. It looks unfinished. The collar also stops instead of going around because the body is very cut out. Our bodies are a little more full. We like to keep them a little covered, a little conservative.

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[178]

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Q. Ms. Gosda, do you sew?

A. Yes, I do.

Q. Are you familiar with pattern companies?

A. Yes, I am.

Q. McCalls?

A. Yes.

Q. New Look?

A. Yes.

Q. Simplicity?

A. Yes.

Q. Are you aware that those companies offer [179] to the public patterns for making children's clothing?

A. Yes, I am.

Q. Have you seen such patterns?

A. Yes.

Q. In your opinion, do any of those companies offer patterns to the public that invite the public to make Samara lookalike garments?

A. I have not looked at a pattern book in years so, to the best of my knowledge, I don't know.

Q. Well, I spent part of my Christmas vacation looking at them, so perhaps I can share Exhibits 86, 87 and 88 with you.

A. Okay.

Q. Have you seen them?

A. Have I seen these? I just looked at them right now.

Q. Prior to today do you recall seeing them?

A. No.

Q. But you have looked at pattern books in the past?

A. Yes, I have

[180] Q. And in the past, were you aware that patternmakers offer people the ability to make children's clothing?

A. Yes.

Q. And would you agree that some of the children's clothing depicted on there resembles Samara clothing?

A. Not closely, not -- I would say no.

Q. There is a romper with two cars on it; correct?

A. Yes.

Q. Does Samara make a romper?

A. We make a short-all. We call it a short-all.

Q. Do you make a short-all that has cars?

A. Yes, we do.

Q. There is an exhibit that shows a watermelon collar. I don't have it in front of me. Could you say the exhibit number for the jury, please?

A. I'm sorry; 88.

Q. 88. And what is the style of that dress that's shown there?

A. That would probably be considered a sundress.

Q. A sundress.

Does Samara make a sundress?

A. Yes, we do.

Q. Do you make a sundress with a watermelon collar?

A. Collar? This is a watermelon yoke.

[181] Q. Do you make an outfit that has a watermelon at the top of the garment?

A. Yes, we do.

Q. And is Simplicity offering the public an opportunity on how to make a sundress with a watermelon on the top?

A. Yes, they are.

THE COURT: Just, again, the difference between a color and a yoke?

THE WITNESS: Yoke is actually part of the body. The collar is a collar. The yoke -- if I could have one of the dresses to show you.

THE COURT: For those of us who don't have experience with patterns and sewing.

A. I'll show you on a dress. A yoke can be very long or it can be very short as this one is. It's the top part of the bodice and then something coming from that top, like shirring on a skirt or the vest of the boys like a short-all, where this is a collar. A collar is actually a collar.

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[186]

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Q. In fact, Mrs. Gosda, what becomes apparent in looking at all of these garments and the sewing materials and the appliques is that sailboats are a common theme in children's clothing; correct?

A. Yes.

Q. And cars are a common theme in children's clothing?

A. Yes.

Q. Strawberries are a common theme in children's clothing?

A. Yes.

Q. Hearts are a common theme in children's clothing?

A. Yes.

Q. Rickrack is used in children's clothing?

A. Yes.

Q. I just want to see what I've left out. This flower on Exhibit 1A is a common theme in children's clothing?

A. Yes.

Q. Tulips are a common theme in children's clothing?

A. Yes.

Q. Trucks are a common theme in children's clothing?

A. Yes.

Q. And it's a theme that is often carried out by the [187] use of appliques; correct?

A. It's a theme that's carried out in a lot of ways. There's a lot of ways to adorn children's clothing.

Q. Are you familiar with the Singer Sewing Company?

A. Yes, I am.

Q. Have you seen any of the materials they publish on sewing for children?

A. No, I haven't.

Q. Would you agree or disagree with the following statement: Appliques are a traditional method for decorating children's garments?

A. I would agree.

Q. Would you agree that people look for appliques, for ideas for appliques in magazines?

A. I would agree.

Q. And you yourself have looked in magazines for ideas on how to design?

A. That's correct.

Q. Would you agree that people look for appliques in looking at other person's ready-to-wear garments?

A. I would agree.

Q. And you yourself have done that?

A. That's correct.

Q. You've based some of your designs on what you've seen other people selling; correct?

[188] A. I base my designs on a lot of inspiration.

Q. Including what other people were selling?

A. That's true.

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[189]

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Q. Mrs. Gosda, have you ever done any quilting?

A. No, I haven't.

Q. Have you seen quilts?

A. Yes, I have.

Q. Are you familiar with a famous quilt design that's called the round rose with tulips?

A. No, I'm not.

MR. COSTON: May I approach the witness, your Honor?

THE COURT: Yes.

MR. COSTON: Wal-Mart Trial Exhibit No. 49 called "America's Quilts & Coverlets" and actually I'd ask that you take a moment to leaf through pages 160 through 180, if you would please.

[190] A. O.K.

Q. Mrs. Gosda, we have a little confusion about the numbering. Could you tell us what number is on the very front page of the book, the cover?

A. Oh, 99.

Q. 99?

A. 99?

Q. Have you looked through those pages?

A. Yes.

Q. Have you ever seen any of the designs similar to that before in your experience?

A. There's quite a few designs here. I think you're being a little vague.

Q. You're right.

Have you ever seen a design which shows this kind of five-petaled flower with tulips coming out of it?

A. Is there a design like that in this book? Is that what you're asking me?

Q. Yes.

A. Yes, there is.

Q. And prior to looking at that book, had you ever seen a design similar to that before in your life?

A. Yes, I have.

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[191]

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Q. Directing your attention to Wal-Mart Exhibit 48, pave 574 captioned newborn to 12 months, I'd ask you to look at that page, if you would.

[192] A. O.K.

MR. RIBACK: Which page?

MR. COSTON: 574.

Q. Have you seen the page?

A. I'm sure I have.

Q. Is there depicted on that page a child's garment with blue and white checkered seersucker?

A. Yes, there is.

Q. And does the garment have an applique on it?

A. Yes, it does.

Q. Is it a garment that was manufactured by Samara?

A. No, it wasn't.

Q. To your knowledge, did anyone from Samara ever say to Penney's, stop selling that garment?

A. Not to my knowledge.

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[193]

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Q. In fact, is there anyone in the world that knows more about Samara appliques and Samara garments than you?

A. I'm sure there is.

Q. And who would that be?

A. That would be my boss, Gary Goldman.

Q. And he will appear. We can ask him some questions.

Other than Mr. Goldman, do you think there's anybody else in the world who knows more about how Samara garments look than you?

A. Yes, I'm sure there is.

Q. Who is that?

A. The previous owners.

Q. Who are they?

A. Bill and Vac Samara.

Q. Other than the two Samaras and Mr. Goldman, are you aware of anybody else that knows as much about Samara designs as you?

A. I suppose there isn't.

Q. And you're able to see the Samara look as you defined it. It's hard to define, but I know it when I see it. You're able to do that because you've worked with these appliques every day; correct?

A. That's correct.

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[196]

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Now, if I could direct your attention to Exhibit 4A, could you tell us whether Exhibit 4A is a Samara garment?

A. Yes, it is.

Q. And do you believe that Exhibit 4A has the Samara look?

A. Yes, I do.

Q. And do you believe that -- I believe I testified on cross-examination that the garment you're holding does not?

A. No, it doesn't.

Q. As best you can, could you explain to the jury how you formed those conclusions?

A. O.K. Again, the whole strawberry is on the collar. The scallop is much more subtle. The strawberry is fitted to the scallop. Here you have a scallop and some strawberries hanging off it. Also, the leaves and the vine of the Samara strawberry are included in the collar.

[197] Here, you have no definitive leaves or vines. It's not real clear what these shapes are. Our education makes us assume what they are, but it's not real clear what they are.

* * * *

Q. Mr. Coston asked you whether you shop and go to stores and look at what other manufacturers are doing and look at catalogs. Do yo remember those questions?

A. Yes, I do.

Q. Have you seen other manufacturers who place their appliques on collars in the same way that Samara does on Exhibit 4A and on some of the other exhibits we have?

A. No, I haven't.

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[198]

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Q. When you sit down to design an applique, what is your goal?

A. To create a cute applique, to create something that looks right, especially for Samara, to create the right looking applique for the garment and for the company.

Q. As part of that, is it your intent to use an applique that other people are using or to use one that hasn't been used before?

A. To use one that hasn't been used before.

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[199] Gosda - recross

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Q. In depicting a strawberry, is your goal to give your interpretation of that strawberry?

A. Yes.

Q. You still want it to look like a strawberry?

A. True.

Q. But it's your interpretation?

A. Correct.

Q. Now, would that interpretation include having vines or not having vines? Is that part of the interpretation?

A. That's part of the interpretation.

Q. Is it an important part of the interpretation?

A. Yes, it is.

Q. And would the interpretation include having three leaves on top or five leaves on top?

A. It could be either or.

Q. And would that be an important part of your interpretation of the strawberry?

A. Yes, it would be.

Q. So that one strawberry that had five leaves would be different than a strawberry with three leaves?

A. That's correct.

Q. And a strawberry that had vines attached would be [200] different than a strawberry without vines attached?

A. That's true.

Q. So that these differences can make one garment different from another?

A. Yes, it can.

Q. Now, in fact, Samara Exhibit 4A shows five leaves on top all defined by stitching and vines; correct?

A. Correct.

Q. And the Judy-Philippine-manufactured garment doesn't define the leaves; does it?

A. No, it doesn't.

Q. And it doesn't have any vines attached to the strawberries?

A. No, it doesn't.

Q. So, this is Judy-Philippine's interpretation of three strawberries; correct?

A. That would be an assumption on my part; yes.

Q. Well, it's not the same as yours is it?

A. No, it's not.

Q. Now, down here on Exhibit 3A, this is Samara's interpretation of a strawberry with three leaves on top; correct?

A. O.K.

Q. Judy-Philippine's interpretation of the same strawberry has five leaves on top; correct?

[201] A. That is correct.

Q. So, it's a different interpretation of a common fruit; correct?

A. Correct.

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[202]

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Q. Wal-Mart Exhibit 10, for the record, is a garment purchased at Hecht's under the All Mine label.

Does Samara sell to Hecht's?

A. To the best of my knowledge, I don't know our whole customer list.

Q. To the best of your knowledge, do you manufacture a private label for Hecht's called All Mine?

A. Honestly, I don't know.

Q. To the best of your knowledge, did Samara manufacture this argument, 10?

A. I don't know. I don't think.

Q. You don't think so?

A. I don't know.

Q. But you're not certain?

A. I'm not certain.

Q. Has Samara ever manufactured garments with butterflies?

A. Yes.

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[208] Goldman - direct

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Q. Do you design any of the appliques yourself?

A. Occasionally.

Q. Is there anyone at Samara who has overall responsibility for creating the Samara look?

A. That would be my responsibility.

Q. And how do you do that?

A. It's something that we've developed over the years by -- can you repeat that, so I can understand it a little bit?

Q. The question is, how do you design clothing or how do we phrase it, how does Samara maintain its look and what role, if any, do you play in that?

MR. COSTON: Objection; compound.

THE COURT: Sustained.

Q. Do you play a role in Samara's maintaining its look?

A. Yes.

Q. Could you describe to the jury what that role is?

A. It's looking at every applique that goes onto every garment that the designers are doing to make sure it looks like the stuff on the rack up there, actually that it's -- it all hangs together.

We have kind of a feeling that everything that we [209] produce should kind of look like it comes out of our office. It shouldn't be all over the place. It should have a consistent feel to it.

Q. Why is that important to Samara?

A. To build a brand loyalty and establish a customer base.

Q. Are there designers who are employed by Samara?

A. Yes, we have three of them.

Q. And could you describe to the jury your relationship, your working relationship with those designers?

A. Well, at the beginning of the year, when I lay out the plans and we pick out all the silhouettes that we are going to be using for the season, they sit down and they would start putting appliques together that we would want to go on the garments and we pick out themes that we'd want to use, whether it be transportation or sports for boys or fruits or flowers or doll houses or whatever would be in the girls and we try to balance out the amount of appliques that are going into the whole line, then to make sure that they fit and color coordinate into each product category.

Q. Now, is your concern in your role limited to the appliques themselves?

A. The way the appliques coordinate into the bodies, whether they fit into a pocket or how they scallop into a [210] collar or how the colors work with the body designs that we're choosing.

Q. Now, in this case, Samara has introduced in evidence a number of copyright registrations and a number of garments that were copyrighted. To your knowledge, what do those registrations encompass?

A. The applique design where they're placed on some of the garments, whether they be scalloped intricately into

the collar, how they hang off it, the use of the shapes that we've picked to put on the appliques.

Q. Is it fair to say that it's not limited to the appliques themselves?

MR. COSTON: Objection; leading, your Honor.

THE COURT: Overruled.

You can answer that question.

A. It's not just the appliques, but how the collar is an applique itself. When it's scalloped, that whole collar is an applique.

Q. To your knowledge, does anyone else in the children's wear industry do that?

A. Not to the extent we do it.

Q. Up until June of 1996, did you ever see anyone do it to the extent that we've seen here?

A. No.

Q. Did Samara's clothing always look this way?

[211] A. No.

Q. Was there a point in time which it began to look this way?

A. Back in 1985, we made a strategic decision that we were going to change the look of our business and change the direction where we were heading and we went after a total different market.

We used to be more of a say a J.C. Penney discount store source and we decided that we'd rather move to the other side and do a little more department store business

and spread our risk and not be too dependent on such big chains. So, we've changed the total concept of what we made.

Q. Could you describe what that change encompassed?

A. Well, it starts out before that. Half of the stuff was probably designed over in the Philippines and we had no real input over here to what we were selling. It was just produced for us and we would ship it. We took total control of the look of the garments.

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[217]

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Q. Mr. Goldman, one part of Exhibit 3D and there's one part that I'd like to draw your attention to and that's the color photograph that's on the right side of that exhibit. To the right of the garment, can you see a hang tag?

A. Yes.

Q. And whose hang tag is that?

A. That's our company's hang tag.

MR. REITER: May I, your Honor, just show to the jury Exhibit 3A next to the photograph that's depicted on 3D?

(Exhibits 3A and 3D published on the jury)

Q. Could you proceed, Mr. Goldman?

I. With the next one?

Q. I think we're up to 3E.

A. O.K. It is a P.O. for a style from Wal-Mart to Judy-Philippine.

THE COURT: What's a P.O.?

THE WITNESS: Purchase order of what they're going to purchase from them.

Q. Could you tell us what Exhibit 3F is?

A. It is our artwork showing when we had first done this applique and how many times we've done it since then on [218] other garments. It's pretty much part of a BOM form.

Q. Could you describe to the jury what a BOM form is?

A. It's a bill of materials, everything that goes into the garment, from fabric to buttons to the applique design to the colors to the finished product.

MR. REITER: Your Honor, may I just circulate that one document among the members of the jury?

THE COURT: Yes.

A. This is the cover sheet of a BOM. These are just–

MR. REITER: Your Honor, might I suggest since it's -- I don't know, maybe more than a dozen pages that perhaps the jurors can look at it in groups of two to speed it along.

THE COURT: We should proceed. If you can sort of look along together, that would help.

Q. Now, in your experience in the industry, Mr. Goldman, do other manufacturers sell clothing that looks like the clothing that Samara sells that's at issue in this case?

A. No.

Q. And how do you decide when you look at a prospective design whether or not it looks like Samara?

A. It's a feeling we have putting the line together. [219] Hanging them all on the wall, a complete line, kind of if we put up 150 garments on the wall, we want them all to have the same feel. If this stuff were to go into a Gap or Gymboree, for instance, it just wouldn't fit. It's got a different look. It's really got to fit the concept that we've created.

Q. In the past, has Samara -- withdrawn.

Since 1985, has Samara from time to time departed from the Samara look?

A. Yes.

Q. And what's been its sales experience when its done so?

A. Not so good. It's been small experiments that don't seem to put us in any other direct -- but we always go back to what we do best.

Q. And does Samara experiment from time to time?

A. Yes, we do.

Q. With respect to the summer line in 1996, did any portion of that line depart from what you consider the Samara look?

A. About 5 to 10 percent.

Q. And what about for the 1997 line?

A. We didn't depart one bit whatsoever.

Q. Mr. Goldman, could I ask you just to step down from the witness stand.

[220] And without necessarily going into detail, could you just describe to the jury the documents that are marked as Exhibit 36A through Plaintiff's Exhibit 36R?

A. This would be our 1997 lines what we're shipping this year and I guess I should explain in each body style, the way we produce these come a minimum four appliques and four colors in a dozen, a style like this, which would be one of our better styles.

Q. You need to identify the specific --

A. 36A, B, and C. We would consider it as one SKU with other appliques within the same dozen that we would ship a customer.

Q. I'm sorry to interrupt you, but the jury may not know what SKU means.

A. Stock keeping unit. There are 12 pieces in a dozen and each one has its own special place in the dozen. We are to keep track of them. We would put four different appliques into this one dozen that we're shipping on four separate colors.

But a style like this, which is a good style for us, we might have three different groupings in that season, which would account for 12 different appliques. So, we are giving our customers a selection of different appliques every time we ship. These have been designed to fit into the scallop.

[221] As you could see, they're kind of all rounded type of feel edges on them. It's something that we wouldn't put something with rectangles or so into the scallop and change the feel of what we're trying to accomplish here.

The rickrack and collar and pockets, it's getting the right shapes and sizes to fit into the collar and not overwhelm the whole design and picking the colors that we feel look correct on each product category.

Q. Could you just tell for the record what garments you're holding up? They have a little yellow tag.

A. This is 36F, B and D. And, again, our ruffly shoulders sundress. These are 36G, H, I and J.

And, again, on something like this, how we would always put an applique on the skirt and pick up the applique in the yoke three times across and it's picking an applique, say something like this which has the three hearts and finding something that we could work to fit into the yoke.

And, again, putting the bows on top of the hearts, so we could pick up the bows and not just make it just three hearts on this garment. And, again, the coordinating the colors of the fabric with the appliques on the fabric together.

Just another style that we feel hangs nicely with our product and these are 36R or K and L make that. And on the pink, we would do a soft color and something like royal, [222] we go a little harder, as far as the feel. And 36M, it's a pinafore-type dress and, again, sticking with primary colors because we're on a primary ground here and picking up the applique.

And this one, you could see we repeated there this year doing it on two different garments, colored it up two totally different ways and really getting the same look, but different -- done differently on different colors.

Another garment here are three whales in a collar again and, again, very understated and eye-pleasing and soft colors used on one. One of the general themes here is we do a lot of selling of appliques. That is our business, selling appliques, but gentle colors, pocket treatments are what we're going after.

If you notice, most of the silhouettes, the bodies are the same and we're attaching different collars onto the dresses.

MR. COSTON: Your Honor, could I object and just ask the witness to proceed with question and answer. This is sort of a rambling monologue without any --

THE COURT: Overruled for this part of it.

A. Boys' short-alls, 360, P, Q, and R, and it's picking up an insert applique and repeating the applique across the yoke. And the same thing with doing sailboats in it and short-all sets where we do either setting the [223] applique in the center or setting it on the leg.

But, again how we try to make the appliques pop off the garment and a lot of time has been put into coloring up each applique and designing each applique and making sure where all these colors make up with the piece goods on it.

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[224]

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Q. Can you describe the exhibits to the jury, Exhibits 37A through whatever the last one is.

THE COURT: P.

A. These garments are shipping for spring `96 and as you can see, it seems that they all have the same consistent look that we have been using over the years, what we used for `97, what we used back since 1990, and so on. It's the same type of feel. We do repeat some of the appliques year after year to have a consistent feeling out there.

[225] 37H through K is the same body style again with different appliques that we fit into the collars and onto the pockets and it's the same consistent feel again of what we are trying to achieve here.

The last five garments here is the same thing. It's what we call the Samara look.

Q. Mr. Goldman, could you tell the jury whether Samara manufacturers any clothing with a label other than Samara?

A. Occasionally.

Q. In 1996 could you tell us to what extent it did so?

A. We do private label for Belks and Carters stores, and somewhere about 15 to 20 percent of our production.

Q. Of the Carters, were the Carters production composed of Samara appliques?

A. Parts of it were and parts were appliques given to me by Carters to put on our garments because they have their own look and their own theme that they would like to carry in their stores. So we have produced the garments to fit their needs more.

Q. Earlier Kathy Gosda was shown Wal-Mart Trial Exhibit number 95 and Trial Exhibit 95 was shown to her when she was discussing Plaintiff Exhibit 10A.

Looking at Trial Exhibit number 95, does it have [226] a Samara look to it?

A. No.

Q. In 1995-1996, approximately how many different appliques did Samara utilize in its clothing lines?

A. Throughout the year we would use somewhere between 4 and 500 appliques, different pieces of art work that we designed.

Q. In the course of the years '95 and '96, approximately how many of those are brand new appliques designed that year?

A. Somewhere about 25 percent. We repeat and put them back into a library and bring the appliques back over time to keep our look and our feel.

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[229]

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Q. Mr. Goldman, I am now handing you Plaintiff Exhibits 2A and 2B. I don't know that the jury has seen something similar to 2A so can you describe what that?

A. Sometimes instead of making a whole sample, because it's time consuming and more expensive, we will just take the applique and do it on a swatch of fabric to make sure we really like the way the colors work with the fabric or that the size is correct and we can just take it and lay it on top and see if it fits on the garment. So 2A here is a Samara swatch of a strawberry design we did for various different garments, and 2B is a sun dress with a Cutesies by Judy label, and it's sold at Wal-Mart.

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[233]

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Q. Mr. Goldman, have you ever had occasion to go into stores that were selling Samara's garments?

A. Yes, I have.

Q. And in what fashion have you seen those garments displayed?

A. The way most of the retailers we sell would display our garments is that they would buy a broad range of styles and silhouettes -- that is, 4 or 5 different sun dresses at the time and put them in bulk to fill up a four-way or fill up a rounder with the product. It kind of stands by itself. It's not something they put 12 pieces in and expect to make money. They really bulk it in the stores and use it for a promotion vehicle.

Q. It might be useful to describe what a rounder is and a four-way.

A. A four-way is a standing rack that would have arms sticking out of it with the products sticking out of each arm. There would be four like almost an X. And the product would be displayed so the whole rack system would be used.

[234] Q. And a rounder?

A. A rounder is a round rack which you don't find that much in the stores today, but just a big circular rack where depending on the size you can fit ten or 20 dozen of the product on the rack at the time per store.

Q. Did the stores ever display the name Samara?

A. Yes, they do.

Q. Where?

A. Sometimes on top of the racks. On some stores it would be -- certain stores it's displayed, well, pretty much above the garments or in ads.

Q. What stores are we talking about when you refer to having seen the garments sold in stores?

A. Anywhere from Bloomingdale's to Uptons to Macy's to Price Club to any of the big major retailers in America.

Q. I would like to show you now what was previously testified about which was Exhibit 38, a document that says Macy's on the front of it.

Could you describe to the jury what Exhibit 38 is?

A. It's a Macy's Memorial Day tab which is a sales bulletin you get in the mail, I guess part of the junk mail or whatever, and it is showing the various items that they have on sale for baby and toddler stock-up sale and they picture a Samara dress with our name in it, a little girl [235] sitting in a chair.

* * * *

Q. If I can ask you now, Mr. Goldman, to look at Exhibits 39 and 40. Are you able to identify the stores responsible for those ads?

A. This is Exhibit 39, Plaintiff Exhibit 39, and again it's an ad with a Samara dress in it with our name in there talking about boys and girls playwear and there is no name on the ad but from this particular ad I can see a private label that they are promoting as well and that would be part of ARG group because that is the label they use, which was in those days I guess Steinbocks, Uptons and Byrons and now it goes all under the name Uptons.

Q. Could you look at the other --

THE COURT: By the way, the private label brand on that is Little Lambs?

THE WITNESS: Little Lambs, yes.

THE COURT: Okay.

THE COURT: Exhibit 40.

A. Exhibit 40 is the same thing. There is an ad showing a Samara boys shortall and a sun dress with our name on it basically and again this is a Little Lambs so I guess it's from one of the ARG stores that I just mentioned before.

[236] Q. Are these the only examples you have ever seen of a store or other advertising using the Samara name?

A. No, it's used all year long with any of the stores that we sell. They kind of buy from us to promote. It's something they usually feature.

Q. If I can ask you one last time to step down from the witness stand and go over to the rack, which I will move closer to the jury and what I would ask you to do, Mr. Goldman, is to compare from a quality standpoint the Samara garments and the Samara lookalike garments sold by Wal-Mart.

A. You can see on these two garments, 1B, which is the Small Steps garments, and the 1A, the Samara, the first one I notice is the collar is done out of different materials. It's done in pin cloth and theirs is done out of broad cloth and the pin cloth is just more expensive fabric to use in the collar. It's probably double the price.

Something else I would notice is that the appliques are also done in twill and theirs is done in broad cloth. Again there is a big difference in the quality of the fabric and the price of the fabric. On this garment particularly it's something we would do in our pockets. We put extra stitches and bar tack them on the corner so when the child puts the hand in the pocket they don't pull it off. This doesn't seem to have

that on it so there is more of a chance of this garment falling apart actually.

[237] Q. When you say "this garment," can you just for the record say --

A. 1B.

The other thing I notice is we use a blind hem on our garments and they use a straight stitch at the bottom and that has to do with the machinery, and the machinery for the blind stitch machine is a little more expensive to operate and own and uses a little more thread. On this type of hem you can pull the hem down and on this one you can't pull the hem down without ruining the garment so if you want to lengthen the garment.

Q. Can I draw your attention to the thread around the applique and the finish of the applique?

A. There is something that we are strict about on the appliques and that is the amount of threat we like to put around the applique, the consistency on every garment, how it's done, it's more thread count on the applique.

Q. More thread count than --

A. 1A would have more than 1B.

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[245]

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Q. Your testimony was that with respect to private label merchandise you have made in `96 private label [246] merchandise for both Belks and Carter?

A. Correct.

Q. Roughly 15 to 20 percent of your production, correct?

A. Correct.

Q. Did the Belks product also have a Samara label on it?

A. No, it didn't.

Q. Did the Carter product also have a Samara label on it?

A. No.

Q. You said Carter gave you appliques, is that correct?

A. Correct.

Q. And you put them on the Carter garments?

A. Yes.

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[251]

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Q. Your counsel asked you a question "do others make products like Samara" and your answer was, if I wrote it down correctly, "not to the extent that we do it."

Do you recall that answer?

A. Yes.

Q. Now, "not to the extent we do it" to me suggests that others in fact do make garments like Samara, is that your testimony?

A. I would say the garments are different, not the same as ours.

Q. Well, when you said "not to the extent we do it," what did you mean?

A. I mean that our whole line coordinates together where other manufacturers might take a seersucker dress and [252] put it in part of an overall line of something that they do of their 70 or 80 different designs they do. They might not concentrate and make a whole like that coordinates together and hangs together. There could be a garment out of 70 in their line that might have more of a feel of ours than the rest of their line. They might not have a complete look.

Q. So with respect to the one garment, however, that garment might look like the Samara garment, that is your testimony?

A. I would say yes.

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[254]

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Q. You testified, sir, that on occasion Samara will take in a dozen garments that have the same silhouette, use possibly as many of four different sets of appliques, correct?

A. Correct.

Q. Can you give us an example of a set of four appliques that would be found in one silhouette?

A. Say in the scalloped collar we can do teddy [255] bears, watermelons, flowers and sailboats.

Q. Is it your choice to put that combination of appliques together?

A. I have part of the decision-making process, yes.

Q. And I guess as opposed to the retailer, does the retailer pick the combination of appliques that are placed in the combo pack or does Samara?

A. No, we do.

Q. So to the retailer, they are buying a combo pack not necessarily knowing what the appliques are going to be in that combo pack?

A. We could tell them because we can go back and look at the invoices and say this particular one we are going to ship has these four appliques in it and we can do that.

Q. On occasion have you --

A If they asked.

Q. And if they don't ask they get whatever combo pack you put together?

A. They get the silhouette of the body with assorted scallops in it.

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[257] Q. Are you familiar with the Simplicity line?

A. No, not at all.

Q. Are you familiar with the concept of home sewing, making your own clothing?

A. Yes.

Q. With respect to that particular exhibit, do you see a garment that has a watermelon design on it?

A. Yes.

Q. Does it look familiar to you?

A. No.

Q. Does the watermelon look like any watermelon that Samara has ever used?

A. There are many different ways to draw a watermelon.

Q. It has red inside, black seeds and a green rind; correct?

A. Sometimes we do it with a pink inside, a white rind, and green. I mean, there's many different ways you can color them up and make them feel --

Q. Sometimes you do it with a dark green rind, a red interior and black seeds; correct?

A. Yes.

Q. Much like the watermelon depicted on the Simplicity pattern.

MR. REITER: Objection.

[258] A. I don't --

THE COURT: Overruled. You can answer that question.

A. I really don't think so. I think it has its own look, the way this is integrated into a garment.

* * * *

Q. Mr. Goldman, I would like to join your design staff for 10 minutes, if I could. Samara has a pattern that has a scalloped --

A. Collar.

Q. Collar.

And how many scallops are usually there?

A. It all depends on what applique is going into it.

Q. So, some of them have nine scallops. I counted on some of your --

THE COURT: Did you answer that last question?

A. I said it all depends on the applique.

[259] THE COURT: Well, the next question is some of them have nine scallops?

A. I went kind of like shook my head. I haven't been counting them.

THE COURT: All right.

Q. I've drawn a nine-scallop. I'm not probably going to last in your design department very long. But we will see a nine-scallop collar.

And let's say I have an idea and that's I want to do something different this year. I want a snowman applique. Could we do that?

A. Go ahead.

Q. Ever done one?

A. I wouldn't.

Q. You wouldn't do a snowman?

A. No, not on a sundress.

Q. People might want to feel cool. Go with me. Let's say I'm your boss for the day. We'll put one in the center; right?

A. Fine.

Q. Now, do your appliques typically have faces on them? Do you see any faces or do you typically just use a shape?

A. Just use a shape. It all depends on the applique.

[260] Q. We might put a little thread in there. Did you ever think about doing that, three dots of thread?

A. Very rarely, less of a chance.

Q. Then we'll just leave thread on that one. Let's use this scallop; correct? We're going to integrate the scallop into the design; correct? This is part of the copyright process.

So, let's put another snowman here and then we'll put another snowman over here. All right.

Now, is this the Samara look?

A. Not at all.

Q. Why not, because the snowmen --

A. Because it doesn't have the feel. It's not balanced. It has no meaning.

Q. Could we balance it?

A. No. It doesn't -- it's too high. It doesn't have the -- it doesn't balance to the garment. It would be impossible to make it work.

Q. The snowman is too big?

A. It's not the right shape. There's no thought that went into it or the thought that went into it doesn't understand the look that we're trying to achieve.

Q. How long did you think we spent on this, 10 second, maybe 30 seconds?

A. You could have spent three months on it. I don't [261] know.

Q. You saw me do it?

A. Yeah.

Q. How long was it?

A. To draw that, it didn't take you that long.

Q. All right.

Let's try strawberries then. You do use strawberries in spring and summer? Again, I'm not a great artist, but your design people could mix this up. I want to put a strawberry on this scallop. So, I'm going to make the strawberry fat and how many leaves do you think I should put on top?

A. Me? Me personally?

Q. Yeah.

A. I would say an odd number.

Q. Which would you rather do, three or five?

A. Either one.

Q. Could you do it either way?

A. You could do it either way.

Q. Would you want one leaf dropped down?

A. I would like to look at the whole line, not one applique at a time and decide how to pick them out.

Q. It's cross-exam, and I'm allowed a little latitude.

And how many dots do we want to put on?

[262] A. It depends if you want to use dotted fabric or put embroidery thread on.

Q. Let's do embroidery. Is that enough dots?

A. That's fine.

Q. And we'll put one in the center and we'll again put three leaves because you want to have the same number; right? And then we'll put one more over here; right? And we'll -- again, more dots.

Now, granted I'm not a very good artist, but is this the Samara look?

A. From looking at that, no.

Q. Is it because the quality of the art is bad?

A. Could be.

Q. If I had chose five leaves instead of three, would that be the Samara look?

A. That's not what would make the look, if it had three leaves or five leaves.

Q. What would make the Samara look?

A. It's just the feel of the garment. It's something that you have to understand being there doing it for 15 years, caring about it maybe.

Q. Yeah. Would I have to have seersucker with this for this to be the Samara look?

A. No.

Q. Would I have to have any other applique down on [263] the pocket for it to be a Samara look?

A. Not for that particular one; no.

Q. But neither one of these is the Samara look?

A. Well, the way it is there, I mean it could be translated and fixed up and turned into -- I mean, it's --

Q. We could make it work?

A. It could be a copy of the Samara look.

Q. Was I looking at a Samara document when I did that?

A. No, but the garments have been sitting out here all day.

Q. But am I allowed to draw a strawberry?

A. Sure you can.

Q. And isn't that my interpretation of a strawberry?

A. Right. That's your interpretation, but I wouldn't put that on my line and call it the Samara look.

MR. COSTON: Could I have your Exhibit 36?

Q. You still have the McCall's? Does this resemble, in your opinion, the McCall's sample that you have there?

A. No, it has a different feel to it. This is similar -- that is something that is sewn onto the chest of the garment.

Q. Watermelon feature though?

A. Yes.

MR. COSTON: May I approach the witness, your [264] Honor?

THE COURT: Yes.

Is that McCall's, for the record?

MR. COSTON: I'm sorry. Simplicity. Forgive me, 88.

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Is it your testimony that Samara doesn't like big appliques?

A. Was it my testimony? No. It depends if it's in a collar. I wouldn't want the big applique fitting correctly, but it depends on what type of garment it would go on, because each one has to fit onto the garment correctly.

Q. Did you ever see an applique that's half the size of the body?

A. Yes.

Q. So, a Samara applique can be a big applique, can [265] be this big, half the size of the garment; right?

A. Well, that's not half the size, but.

Q. But here's the top of the --

A. That's probably about 20 percent the size of the body from shoulder to hem.

MR. COSTON: May I approach the witness, your Honor?

THE COURT: Yes.

Q. O.K. Hold up for the jury the length between the bottom of the yoke and the bottom of the --

A. Well, the garment really measures from here to here, not from --

Q. How long would you say that is, about 14 inches?

A. Yeah, somewhere about that.

Q. And then from the bottom of the applique to the top of the yoke, how long is that?

A. Between four or five inches.

Q. It's roughly a third of that garment, if you measure shoulder to bottom?

A. Possibly, somewhere about that.

Q. It takes up a third of the size?

A. Yes.

Q. Now, would you call that a big applique? Is that one of your bigger appliques?

A. Yeah, that would be -- I would say bigger than [266] some and it depends if we have it on our larger size dress, the applique would get 15 to 20 percent bigger, depending on the size of the skirt and what we're trying to achieve on it --

Q. Is part of the Samara look a simple uncluttered applique?

A. Depending on -- that's a hard way to describe it. I don't know. Every applique is different. Every one has been thought out and this particular one, the way it was designed, it was done with a lot of color to pick up the different colors in the dress. So --

Q. I'm sorry --

A. A lot of more design to go with the fabric.

Q. The question was, is the Samara look a simple uncluttered look?

A. Yes.

Q. Are there times when you use cluttered appliques?

A. Not what I would consider cluttered.

MR. COSTON: Could I approach the witness, you Honor, with Exhibit 36G?

THE COURT: Yes.

Q. Could you hold that up so the jury can see that. What's inside the tulip?

A. Print fabric.

Q. So, with this applique, we have a print fabric [267] surrounded by embroidery with a green stem placed on a check pattern; correct?

A. Correct.

Q. Would you call that an uncluttered look?

A. This one, yes.

Q. Including inside the tulip?

A. Yes.

Q. So, this is part of the Samara look of simple and uncluttered?

A. Yes.

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[273]

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Q. I don't mean to interrupt. I apologize. The only purpose of the question was the constituent element of [274] the combo pack. In the combo pack that's represented there, had ducks on carts, cars --

A. Boats.

Q. Boats?

A. And --

Q. Whales?

A. Ducks on carts, boats --

Q. I don't want to belabor this --

A. Whales.

Q. Whales.

I'm just trying to shortcut this so when a retailer, buys a combo pack from Samara, unless the retailer specifies what appliques they want, they get your choice of the combo pack; correct?

A. Right.

Q. And really what they're buying in that case is the silhouette that's represented by that combo pack; correct?

A. Yes.

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Q. I misunderstood your testimony then. Earlier [275] today you said in `97 you kept 100 percent of the line, the Samara look?

A. No. We experiment with 10 percent a year trying to build some new items and new products to see if we can expand our business like anybody would want to.

This year, we decided that instead of going in another direction, we were going to just try to build our own business bigger and do 100 percent of what we do best.

Q. And last year in `96, you had roughly five or 10 percent was your testimony experimentation?

A. Yes. Over the years, it's usually five or 10 percent and those items never seem to get repeated. So, every year we try to develop something new.

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[279]

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Q. Now, your experience in the standard of the industry, when you can see on the photographs a supplied to you by the vendor showing the garment that they're going to make that that garment was copied has been manufactured by somebody else and is copied by that manufacturer.

Is it standard to ask no questions about why it's being copied.

MR. COSTON: Same objection, your Honor.

THE COURT: Sustained as to form. Sustained as to form.

Q. Would you have the same trust that the vendor created the document if the vendor's sample of the document had another manufacturer's hang tag on it?

A. I wouldn't trust the vendor.

Q. Would you ask a question from that vendor?

A. Yeah. First of all, I'd want to see their sample, not someone else's garment, something that they're [280] offering to sell me.

* * * *

[281]

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Q. Up until the facts underlying this case occurred, had anyone manufactured a line that copied exactly the look and feel across the entire line of what you manufactured?

A. Not to my knowledge.

* * * *

[303] Kleist - direct

* * * *

Q. And do you remember at that time you were asked the following questions and gave the following answers beginning at the bottom of page 12:

"Q. Do you know anybody else besides Mayfair and Samara that sold seersucker sunsuits for kids?

"A. Yes.

"Q. Who?

"A. Currently Gelmart does and Cradle Togs does seersucker, more creeper than a sunsuit body.

"Q. Are these manufacturers' lines different from Mayfair's and different from Samara's?

[304] "A. I am not sure how you mean different. It's all seersucker, bodies are very similar, the pattern of seersucker and the appliques are different."

Does that refresh your recollection, Mr. Kleist?

A. I think that is very similar to what I just answered.

Q. So, in fact, it's your testimony that the patterns of seersucker and the appliques that Samara uses are different from Cradle Togs and Gelmart?

A. I did say the patterns of the fabric and the appliques were different between different manufacturers.

* * * *

[316]
January 8, 1997
10:00 a.m.

* * * *

[322] Kleist - direct

* * * *

Q. So you had discussed doing seersucker before you went into the meeting with Mr. Safdieh, correct?

A. Yes.

Q. Thank you.

Now, when you went into the meeting with Mr. Safdieh, can you tell the jury please what transpired? What did he show you? What did you ask for?

A. He came in with several samples, 30, 40 samples, and we looked at them and decided which ones we liked.

Q. Did you ask if Mr. Safdieh could make seersucker garments for you for the Small Steps label?

A. Well, yes, that is what we were looking at was seersucker garments that he could make.

Q. Did some of those samples look familiar to you, that you had seen them before?

[323]A. As a buyer in the market I had seen seersucker samples before, correct.

THE COURT: Hold on a second.

Mr. Kleist, just try to answer his question. It will go faster if you just answer his question. Go ahead.

Q. Isn't it a fact, Mr. Kleist, that at least some of the samples that you saw you recognized as Samara garments because you had bought them when you were a buyer at Sears, isn't that right?

A. Yes.

Q. Okay.

And am I correct, Mr. Kleist, that sitting here today you can't remember whether there were labels in those garments that Mr. Safdieh showed you that you recognized as Samara garments?

A. Correct.

* * * *

[331]

* * * *

Q. And am I correct that the photograph on 10D2 came from Judy-Philippine?

A. Yes, it has their name on the photograph.

Q. Do you know who took the photograph on 10C2? The one that has the photo on top of the Xerox of the photo of 10D2.

A. I don't know but the photograph is dated later than the dates on the quote sheets.

Q. Is it fair to say it was PREL that took that photograph?

A. I don't know for sure –

MS. WAITE: Objection. No foundation.

THE COURT: He said he didn't know anyway.

Go ahead.

Q. Let me see if I can help with that. I would like to read to you from what Susan Patrick testified about a photo on one of her quote sheets.

MS. WAITE: Objection, your Honor.

[332] THE COURT: Sustained. He testified he didn't know.

Q. Mr. Kleist, what is the reason for having a photograph on the quote sheet?

A. It shows the body, silhouette, styling of the garment that we are ordering. It does not show exact details.

Q. Is it fair to say that one of the reasons for having the photograph on the quote sheet is so that you remember when you get back to the United States what it was that you bought?

A. It's style, body, things like that, correct.

Q. But not the appearance on the appliques, Mr. Kleist?

A. Appearance goes to style and body, right?

Q. That is part of it. How about the appliques?

A. Not necessarily. The appliques should be finalized later.

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[340]

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Q. You don't have any belief as to whether 34B is based directly on 34A?

A. I would believe that it probably was, yes.

MR. RIBACK: Your Honor, may I show these to the jury?

THE COURT: Yes, you may.

MR. RIBACK: I would like to show 10A and 10B as well, if I may.

THE COURT: Yes.

Q. So it's fair to say that of the four sets of appliques that were on the garments that you purchased, three of them are quite similar to preexisting Samara garments, is that correct?

A. The appliques are similar.

Q. In fact, Mr. Kleist, in the case of the three cars applique and the circus train applique with the animals, they are placed exactly the same way on the garment, isn't that right?

A. Yes.

Q. Mr. Kleist, I would like to ask you if you think Exhibit 8A and 8B are strikingly similar?

A. They are similar, yes.

[341]Q. Mr. Kleist, are they strikingly similar?

A. Yes, they are strikingly similar.

Q. How about 9A and 9B, strikingly similar?

A. Yes.

Q. 1A and 1B?

A. Yes.

Q. 5A and 5B?

A. Yes.

Q. 6A and 6C?

A. Yes.

THE COURT: Did you say 6C?

MR. RIBACK: Yes. 6B is over here.

THE COURT: Alright.

Q. How about 3A and 3B?

A. Similar.

Q. Strikingly so, correct?

A. Yes.

Q. How about 4A and 4B?

A. Yes.

* * * *

[366] Kleist - cross

* * * *

Q. The appliques and embroideries that you referred to, are there any common themes among those?

A. No. Basically in the smaller-size kids, you just want it to be cute. Basically, you know, you're trying to sell a garment to moms or as a gift. In our size range, and it just needs to be cute.

If it detracts from the garment, it will hurt the garment. It is not the sole reason that they buy the garment, but it has to fit the garment and be cute. So, if it takes away, it hurts, but it adds little value to the overall price, value-quality equation.

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[368]

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THE COURT: Just so it's clear, the buying season for spring-summer '98 would be roughly February to August, September of '97?

THE WITNESS: Correct.

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[377]

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I have here, for counsel's information, Defendant Exhibits 54, 55, 56, 57, 58, 66, 67, 68, 69, 70, 71, 72 and 73.

MS. WAITE: May I approach, your Honor?

THE COURT: Yes.

Q. I would ask you to take a look at those garments, Mr. Kleist, and tell us if you have seen them before.

A. Yes, I have seen these before.

THE COURT: Actually these are documents and garments because each garment has a slip stapled to it.

MS. WAITE: I stand corrected, your Honor.

A. Yes, I have seen these before.

Q. Where did you see them?

A. Well, besides in court here but I saw them at my office in Bentonville.

Q. And for what purpose were they in your office in Bentonville?

A. Most of them are samples submitted by vendors that they want me to buy.

Q. And these are spring and summer samples, is that correct?

A. Yes.

Q. Over approximately what period, if you recall, did these samples arrive in your office?

[378]A. I don't remember exactly by sample because I get probably 200 samples a week, so it could have come in any week. But most likely the spring and summer samples would have come in after I went to the Orient and I was shopping the domestic market. So that would have been in May, June or July.

Q. And if you wouldn't mind momentarily holding each one of those up briefly for the jury to see and so that we can see them.

A. Keep flipping?

Q. Please.

(Pause)

Q. Do you have any particular method or means by which you can keep track of what garments you have seen and what you haven't?

A. Well, the garments that I buy are put in a separate place from the garments I don't buy but other than

remembering things, it's difficult. Like I said, I get 200 samples a week.

* * * *

[390] Kleist - redirect

* * * *

Q. So predominantly the Small Steps comes from overseas, correct?

A. Yes.

Q. And it's to that that you pay more attention than the items that you buy domestically, correct?

A. Yes.

* * * *

[394] Kleist - recross

* * * *

THE COURT: What was your recollection with respect to the garments that you were shown in Singapore with respect to labels.

THE WITNESS: Like I said earlier, there were 20, 30, some number of seersucker samples. I don't remember which ones had labels, which ones did not have labels. There were probably some with labels and some without labels.

Q. Did you recognize any of these garments as being [395] Samara garments?

A. I recognized the Samara type of look but do I know if they had Samara labels in them, no.

* * * *

[398] Patrick - direct

* * * *

Q. What's your current position with Wal-Mart?

A. I buy newborn, infant, girl apparel.

Q. And how long have you been doing that?

A. I've been doing that for two years.

Q. Two years at Wal-Mart; right?

A. Yes.

Q. And how long have you been involved with little girls' clothing for one employer or another?

A. For the past two years in this size range.

[399]Q. You've been doing some kind of children's clothing since about 1983 or so?

A. Yes, I've been in the children's industry for 13 years as a buyer.

* * * *

[403]

* * * *

Q. Can you describe please for the jury what happened in your meeting with Mr. Safdieh?

A. At that time, he was bidding on our books that we send overseas. So, we went through the product that he was interested in, style by style and also at the end of that session, we also look at new offers from different vendors.

Q. And did Mr. Safdieh offer you anything that wasn't in the trip book that you brought with you?

A. Yes, he did.

Q. What did he offer you?

A. Seersucker.

Q. And what kind of seersucker did he offer you?

A. It was a variety of styles, both the newborn and infant playwear.

Q. Did he have samples with him?

A. Yes, he did.

Q. And did you recognize any of those samples?

A. As far as recognize them and –

Q. Did they look to you like any manufacturer's product?

A. I had seen, you know, styles out there, as I had shopped the stores and it reminded me of several people's.

Q. Such as?

A. Samara being one, Gehnart, Mayfair, Cradle Togs.

Q. All of whom make seersucker garments for children; correct?

A. Yes, they do.

Q. Did you on that occasion ask Mr. Safdieh why the garments that he was showing you looked so similar to other manufacturer's garments?

A. I don't recall.

Q. Did you ask Mr. Safdieh whether he had checked with the manufacturers to see to it that the garments he was offering you didn't infringe some other company's copyrights?

A. I do rely on my vendors to check on the copyrights as well as myself. I try to check on every garment, you know, looking in the labels for the copyright, but I don't remember specifically all of those styles.

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[414]

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Q. Ms. Patrick, is Exhibit 3C a quote sheet for Style No. S96IG453?

A. Yes, it is.

Q. And could you read the description on the left-hand side of the photograph to the jury?

A. It says, "Girls' seersucker stripe yarn-dyed [415] dress and panty and assorted finished applique on yoke and skirt ruffled fly sleeve, two big white chalk buttons on back strap."

Q. Am I correct that it says "with assorted fruit applique"?

A. I thought that's what I read, yes.

Q. And a strawberry is a fruit; is it not?

A. A strawberry is considered a fruit.

Q. Now, if you look down at the bottom of the page, there's a reference to two options. Option one, butterflies; option two, strawberries and fruits?

A. Yes, it is handwritten.

Q. Do you know which option Wal-Mart chose?

A. Not without going back through some folders; no.

Q. I show you what is marked as Exhibit 3B and I'll ask you if looking at that garment helps you remember which option Wal-Mart chose for the applique on S96IG453?

A. According on the mint color, we would have done fruits.

Q. Which is the strawberries?

A. Yes, it is strawberries.

Q. I'll hand you what we marked earlier, which is the 3C2, which is the original of 3C. And if you look at that photograph that you say was generated by PREL, do you see the photograph?

[416]A. Yes.

Q. Is there a hang tag on the garment that's in the photograph?

A. There does appear to be one, yes.

Q. And what does it say on the hang tab?

* * * *

[419]
January 8, 1997
10:00 a.m.

* * * *

[423]

* * * *

Q. We have gone through six style numbers at this point, correct?

A. If you say so, six.

Q. To your knowledge, Ms. Patrick, is there a single one of those six style numbers that doesn't have a Samara garment that looks substantially similar to it, strikingly similar to it?

A. What was the question?

Q. For any of those six style numbers is there any of them that does not have a Samara garment that is [424] strikingly similar to it?

A. You have produced two garments of Samara that are, yes, strikingly close, but for the other styles I wouldn't know.

Q. 6A as against 6B?

A. It does have a collar with hearts on it, yes.

Q. Strikingly similar, correct?

A. It's similar.

Q. Is it strikingly similar, Ms. Patrick?

A. I can tell the difference in them

THE COURT: The question really ought to be answered yes or no. Are they strikingly similar? If you can.

A. They are similar, yes.

THE COURT: Okay.

Q. 5A and 5B, Ms. Patrick, are they strikingly similar?

A. They are similar, yes.

THE COURT: You know, you are not answering the question. The question is are they strikingly similar, yes or no?

THE WITNESS: Yes.

Q. 1A and 1B, are they strikingly similar?

A. Yes.

Q. 3A and 3B, are they strikingly similar?

[425]A. Yes.

Q. 4A and 4B, are they strikingly similar?

A. Yes.

Q. 33A and 33B?

A. Yes.

* * * *

[426]

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Q. And what did you learn about copying other people's work?

[427]A. Well, I know we are not supposed to do it.

* * * *

[430]

* * * *

Q. These are Defendant Exhibits 50 through 65. Have you seen these garments before, Ms. Patrick?

A. Some of them look familiar, yes.

Q. Do you know where you might have seen them?

A. I have garments coming into me all the time. Every week I get garments into my office, so it could have been something that was sent in to me.

[431]Q. Can you give us any type of estimate about how many garments you might see in the course of a week?

A. Several hundred.

* * * *

[433]

* * * *

Q. Do you have any knowledge about how these garments would actually be displayed in a Wal-Mart store?

A. It depends on the store but, yes, we have several racks in our stores. It could have been on a four-way, which is a rack that has actually four arms, and if you double hang there are eight arms, or what we consider a circle rack, which is exactly what it is, a round rack. And usually in the infant department it's double hung so it's one over the other. Or the third way would have been on what we call an A track, which is usually a four-foot rack and it has bars double hung.

Q. If the garments were displayed on either the double rack or the circular rack, would the appliques be visible to the consumer without close inspection?

A. Not on a circle rack, absolutely not. On the four-way the only thing that would be visible would be your first arms. So you would really have to get in and pull out in order to see the applique and this would hold true on our A tracks.

[434]Q. Do you know whether or not there was any particular display associated with the Judy-Philippine goods, the seersucker goods?

A. Not to my knowledge, no. We sent out directions to the stores to try to pull all 888 together on a rack where they could. That is why each store would have been a little different depending on the quantity they had. So nothing was sent out and pulling seersucker together.

Q. Was there any particular signage associated with these goods?

A. No, there was not.

Q. What type of signs would typically appear over the racks?

A. Usually we use a price point sign or we would have done a generic photograph of a child in an 888 outfit but it wouldn't necessarily have been a seersucker, and then underneath that the stores would have put the price point in time and in every case the stores don't put up the photograph signs. It's left up to the individuals stores.

Q. Do you have knowledge as to whether any of these goods or any of the Judy-Philippine seersucker goods were advertised in any way by Wal-Mart?

A. No, they were not.

Q. You know that they were not?

A. They were not photographed in any ads.

* * * *

[444]

* * * *

Q. As an experienced buyer of children's clothing, if you saw the products without labels with hang tags, would you be able to distinguish the difference between a Samara garment and a Gelmart garment perhaps?

A. Not necessarily.

Q. In your opinion, would the average consumer be able to make such a distinction?

MR. RIBACK: Objection, your Honor.

THE COURT: Would the average consumer be able to distinguish between a Samara and a Gelmart garment if they didn't have labels on them?

MS. WAITE: In her opinion, your Honor.

MR. RIBACK: Your Honor, it's objectionable. It asks for expert testimony, among other things.

THE COURT: Overruled.

You can answer, for what it's worth. You can answer.

A. It's in my opinion that, no, a person would not know the difference without being able to read a hang tag or a label.

* * * *

[446]

* * * *

Q. Ms. Patrick, you can't see anything about the [447] garment other than less than an inch of the sleeve when it's on a full circle rack. Isn't that right?

A. And color.

Q. And color.

So, in order to see what the garment looks like, it has to be removed from the circle rack; right?

A. Yes.

Q. And once it's removed from the circle rack, the entire construction of the garment and its entire appearance is apparent to the consumer; right?

A. Yes.

Q. Have you ever known a consumer to buy a garment without looking at it first to buy it only on the basis of that less than an inch that shows of the sleeve around it?

A. Not normally; no.

Q. Have you ever known people to buy garments in stores without looking at the appearance of the garment first?

A. Not to my knowledge, no.

Q. And the appearance of children's clothing that we're talking about includes the applique; correct?

A. Applique is part of the garment; yes.

Q. And when a garment is hanging on a four-armed rack that's shaped like a X?

A. Yes.

[448]Q. In fact, the full front of the garment is visible to people. Isn't that right?

A. Yes, that's what I testified to; yes.

Q. Now, when you were at -- strike that.

You made a reference to reinterpreting the garments that show up on the photographs that come back to your office. Do you remember that testimony?

A. Yes.

Q. Were the garments in this case reinterpreted?

A. They did not appear to be; no.

Q. They were, in fact, copied. Isn't that right?

MS. WAITE: Objection, your Honor.

THE COURT: Overruled.

You could answer that question.

A. It appears that the vendor did copy very similar to some of the Samara garments.

Q. And what the vendor delivered to you matched up perfectly with the descriptions on the purchase orders for the garments that flowed through the quote sheets that you participated in filling out. Isn't that correct, Ms. Patrick?

A. Those are the garments that Judy-Philippine sold to me as new offers from overseas; yes.

Q. Ms. Patrick, I'll ask the Court Reporter to read the question to you so you can answer it.

[449] THE COURT: Yes.

(Record read)

A. That's correct, yes.

* * * *

[454]

* * * *

Q. This is Wal-Mart Trial Exhibit 54.

Ms. Patrick, do you think that if the label was taken out of that garment, you would ever think that was a Samara –

A. Not really.

* * * *

[456]

* * * *

Q. Not to belabor matters, Ms. Patrick, but you took it on good faith that the sample that's shown in this photograph was an independent creation of Judy-Philippine?

MS. WAITE: Objection, your Honor.

He's never established that she ever saw that.

MR. RIBACK: She identified it before.

THE COURT: Don't. Don't. Don't. Don't.

Have you seen that? Did you see that document before?

THE WITNESS: I have seen.

THE COURT: The original of it?

THE WITNESS: I have seen the original document.

THE COURT: When was the first time that you saw it?

THE WITNESS: It would have come to me two to -- it could have been anywhere from two weeks to two months after I left the Orient.

THE COURT: Objection's overruled.

You can answer the question.

THE WITNESS: What was the question?

Q. You had testified earlier that this was a [457] PREL-created photograph?

A. Yes, it is.

Q. That was created for your records after your buying trip?

A. Yes.

Q. So that you would know what you bought; correct?

A. Yes.

Q. And did you believe in good faith after looking at this photograph that was created for your records that the garment shown there was an independent creation of Judy-Philippine?

A. Yes, I did, at that time.

Q. Notwithstanding the Samara label hanging over it, which is clearly visible?

A. I don't remember having a Samara label on that garment at the time I actually saw the merchandise. You're asking me to identify a picture. I see actual merchandise and I don't remember having a Samara label or hang tag.

Q. But when the photograph that you needed for your records came back to you, there was a Samara label on it; correct?

A. Yes, there is.

* * * *

[481]
January 9, 1997
9:35 a.m.

* * * *

[514] THE COURT: I think Mr. Coston's point is we need actual confusion on the part of consumers.

MR. COSTON: Yes, sir, on the trade dress.

MR. REITER: I feel uncomfortable responding to that.

THE COURT: Is there any evidence on the part of consumers? I don't think so.

MR. REITER: There is no direct evidence of actual confusion. Again, I think it's something the jury could infer.

[533]

* * * *

"Q. Can you tell me the differences, to your mind, between Samara's spring and summer children's [534] seersucker clothing and the spring and summer seersucker clothing with appliques these other companies make?

"A. Okay. Samara spring-summer clothing has very large, colorful, distinct full appliques. The placement of the appliques are such that it's an integral part of the design. They use probably a little better fabrics and their clothes are very classic. The lines to the clothes are very clean. They use the same bodies, pretty much year in and year out. Baby Togs and Mayfair would have smaller application. They are not nearly as large or distinctive. A lot of times they are extracted out of a print. If the skirts are a print they will extract part of that applique out of a print where Samara does not. Samara's appliques are totally a focal point design of the dress.

"Q. Is it fair to say that you can recognize a Samara without looking at the label?

"A. Very easily.

"Q. How can you do that?

"A. Because the appliques are so distinctive and in a lot of cases they use the same type appliques year in and year out. They use the same continuity of fabrics and pretty much the same body [535] styles.

"Q. Is it just the applique that identifies the Samara garment to you?

"A. No, it's the whole, the way it's placed. It's the fabric and the applique and, again, the simplicity of the design. They don't put a lot of lace or chachki stuff on it.

"Q. To your knowledge, do consumers associate that look of the Samara garment which you have just described with the name Samara? Go ahead.

"A. I can answer that?

"Q. Yes.

"A. Yes, when it has the Samara label for all these years and they have been buying it for their children and grandchildren I think the customers can definitely tell it's the Samara.

"Q. To your knowledge, do store buyers associate the clothing with that look with the Samara name?

"A. Very definitely."

* * * *

[540] "Hamilton

* * * *

"Q. What I am going to be asking you now is whether the particular garment that I'm showing you has the Samara look, irrespective of who made it; O.K.?

"A. Fine.

[541]"Q. What we marked as Exhibit 1, does this have the Samara look?

"A. No. Yes."

MR. RIBACK: Well, it's no.

THE WITNESS: Yes.

MR. COSTON: Just, your Honor, I object.

That's not an accurate reading.

THE COURT: Let me see it. I really should have copies of all these,

MR. REITER: If you look at the bottom of 14 and the top of 15.

THE COURT: Just for the record, the bottom of page 14, why don't we read it again, starting at line 23.

MR. RIBACK: Of page?

THE COURT: Page 14, starting at line 23. Let's read from there through the top of page 15, line 4.

"Q. What we marked as Exhibit 1, does that have the Samara look?

"A. No. Yes.

"Q. That is for Exhibit 2."

MR. COSTON: Your Honor, I object to the way this is being read.

THE COURT: Well, it's not clear to me what happened.

Ladies and gentlemen, it's just not clear from [542] the transcript.

MR. RIBACK: Your Honor, may I approach because I took the deposition?

THE COURT: Well, I understand that, buy you're in the a witness. The problem is that -- and I'm not saying that the way you have just read it is not accurate. I think there is some ambiguity in the transcript.

The transcript could be read a couple of ways. And just so that the record is clear, ladies and gentlemen, beginning

at the bottom of page 14, this is the way the transcript reads. It says:

"Q. What we marked as Exhibit 1, does this have the Samara look?

"A. No. Yes.

"Q. That is for Exhibit 2. What we marked as Exhibit 3?

"A. Yes."

Now, we'll leave it to the jury to interpret what happened there. It goes to show you and a good example of what we've been trying to do throughout this trial is to make it clear so when one reads the transcript after the fact, you can follow what's going on.

And as we sit here now, it's not 100 percent clear precisely what happened.

But, in any event, let's pick up with page 15, [543] line 8.

"Q. What we marked as Exhibit 4?

"A. Yes.

"Q. What we marked as Exhibit 5?

"A. No.

"Q. Exhibit 6?

"A. No.

"Q. Exhibit 7?

"A. Yes.

"Q. Exhibit 8?

"A. The body style does, but I'd say no.

"Q. And Exhibit 9?

"A. Yes."

* * * *

[548]

* * * *

"Q. Turning to Samara's clothing, in your experience, are the appliques in Samara's clothing always identical?

"A. No.

"Q. Are they identical to each other? Is it always the same picture?

"A. Is it always the same applique?

"Q. That's right.

"A. In some cases, yes.

"Q. Can you give me an example?

"A. I believe their watermelon-colored sundresses would be a good example of an applique which is the entire color of the garment that they have carried for years. They have pocket placement that they carry, strawberries on the pockets. They may be a whole pocket.

You have strawberries that they cared for years. They have boats for years, sailboats in particular. You mentioned tools. They continually have uses for the tools as appliques; apples, cherry.

"Q. Trucks?

"A. Trucks, butterflies.

"Q. Do they do circles and squares, just [549] abstract circles and squares?

"A. I don't think I've seen much of that.

"Q. Hearts? Do they do hearts?

"A. They do hearts.

"Q. Do think do trains?

"A. I have seen trains.

"Q. How about airplanes.

"A. Definitely airplanes.

"Q. But they could have a variety of applications, not always airplanes?

"A. No. Like I said, they have pretty extensive lines. So, they have a lot of appliques going at any one time.

"Q. Of the 40 or 50 that you say you see when you go to look at a line in the showroom, there's usually a large variety there. Is that what you're saying?

"A. That's correct.

"Q. In your experience, are the appliques that we're talking about commonly placed in certain locations on infants or children's garments?

"A. In the case of Samara, they are. In the case of the other people, their placements can be different. They're not as a part of the total design as Samara's is.

* * * *

[557]

* * * *

"Q. Is your understanding of the Samara look based solely on the applique that Samara uses?

"A. The Samara look is a combination, not only of the appliques, but plus the quality of the fabric they use. It's where

they place the appliques and it's a combination of a clean look. It all goes to incorporate what we consider a Samara look. It's not just appliques.

"Q. Is it just applique on seersucker?

[558]"A. No."

MR. RIBACK: Moving to page 38, line 7.

"Q. Now, prior to your deposition today, had I told you what I would be showing you during the course of the deposition in terms of actual garments?

"A. You did not.

"Q. Before I did the second round of questioning about the garments after explaining to you the question, did I tell you what answers I expected or which garments were which?

"A. I did not.

"Q. So, is it fair to say then that you had no idea what I was hoping to hear from you before –

"A. I had no idea. That's why I misunderstood your question."

* * * *

[588]

* * * *

THE COURT: I think we have answers to all the questions.

First, the Perfect Fit case is very clear. There must be actual confusion of the public. In fact, it specifically says that evidence of confusion on the part of retailers is evidence of the likelihood of such confusion but not necessarily evidence of actual confusion. So I have made that change and I will charge

them that they must find actual confusion on the part of consumers. That is one question.

The second question was with respect to the unfair competition claim, the fourth claim, and the question was whether it had to be actual confusion or likelihood of confusion. There is a Second Circuit case that makes it clear that it is actual confusion, not just likelihood of confusion, and that case is WWW Pharmaceutical Company versus Gillette, 984 F.2d 567, 1993. It's a Second Circuit case. At page 576 it says that "the state law cause of action for unfair competition shares many common elements with the Lanham Act claims of false designation of origin and trademark infringement, including proof of actual confusion to recover damages."

[589] And so I have amended the unfair competition charge to reflect that. We have copies of the amended charge for you, and the amended verdict sheet.

The unfair competition charge that I have just been discussing is on page 24 and so I also changed the special verdict sheet, question 16 on page 6, "Did Wal-Mart's actions cause confusion in the minds of consumers?"

Actually we should put the date on the front of my charge, January 9th.

We are ready to go then?

Bring in the jury.

* * * *

[592] Coston - summation

* * * *

The Samara people are nice people. They took the stand, told the truth. I respect them. Wal-Mart respects them as a company. I tried to treat them with respect and dignity in

examining them because that is what I feel for them. But Wal-Mart is not a bad guy. And that is how they have tried to position the case.

* * * *

[603]

* * * *

Count 3 is a count under New York law. It's essentially a consumer protection statute. Is there again something misleading to consumers? Count 4 is another common law count which requires actual confusion. Counts 2, 3 and 4 are very, very similar. In fact, Samara's counsel in its opening referred to them as basically different ways of putting the same ideas into legalese. So I submit that whatever you decide on Count 2, the trade dress, will determine the outcome of Counts 3 and 4.

* * * *

[634]

* * * *

If you bought that clothing, if you saw it as you have now for several days, there would be no question in your mind what looks like it and what doesn't and that's what makes it protectable.

Samara's purpose in maintaining that, as Mr. Goldman testified to, is that he looks at all these designs and he insures that they are consistent with the look. He said to you that it is important for Samara to retain that look because that's how it sells its product.

It sells its products to customers and to retailers who know that when they see it, it's a Samara, that they can go in and year after year, it's going to retain that look. It's a look that

they spent all their time perfecting and maintaining and they've been doing it for 10 years.

I submit to you that that clothing is inherently distinctive. Your own eyes tell you it is distinctive.

* * * *

[664] CHARGE

* * * *

What is trade dress? Trade dress is an expansive concept that includes the overall appearance of a product, including its size, shape, color, texture, graphics, labels, packaging or other visual features. These elements combine [665] to create the total visual image by which the product is offered to customers as a symbol of the product's origin. In other words, trade dress is the total image or overall impression of a product.

The trade dress of a commercial product has two fundamental purposes. One objective is to protect the property rights of a trade dress owner by maintaining control over a product's reputation and goodwill. In this regard, trade dress acts as an authentic seal that vouches for the origin and quality of a particular product.

But a selected trade dress has another important purpose. It also protects consumers from being misled as to the nature and source of the products they buy. Consumers are entitled to know what they are buying and, in connection with brand name products, they are entitled to expect the same product from the same source even if they cannot identify the business or company that makes or sponsors the product.

Protectable trade dress rights are the exclusive property of the trade dress owner. On this basis, no other company can use a trade dress that is likely to cause confusion,

mistake or deception as to the course of commercial goods. In other words, a trade dress owner has the right to stop a competitor from using a trade dress that is confusingly similar to the owner's protectable trade [666] dress.

When packaging a competitive product, a second comer in the market has an affirmative obligation to adopt a trade dress that does not cause confusion with the protectable trade dress of any earlier, existing products.

To succeed on its claim for damages for trade dress infringement, Samara must prove two elements by a preponderance of the evidence:

First, that the trade dress of its designs is legally protectable; and

Second, that the trade dress of the Wal-Mart product you are considering is so similar to the protectable Samara Brothers' trade dress that it caused actual consumer confusion.

The first element.

To be legally protectable, a product's trade dress must be distinctive, meaning that it is either inherently distinctive or that it has acquired a secondary meaning in the marketplace.

Distinctiveness.

To be distinctive, a product's trade dress must be capable of identifying the producer or source of the product and distinguishing the product from the competition, even if consumers do not know the name of the source. There are two ways that a product's trade dress can be [667] distinctive. First, it can be inherently distinctive and, second, it can become distinctive by acquiring a secondary meaning in the marketplace. In assessing the distinctiveness of the trade dress of Samara's designs, you should consider the appearance of the

trade dress as a whole, rather than focusing on a single aspect of its design.

Trade dress features that are commonplace or customarily used to package products in a given industry are generally not distinctive so as to set the goods of a particular seller apart from the competition.

Moreover, trade dress law does not protect ideas or concepts, but only their expression. The overall inquiry in determining whether the trade dress is distinctive is whether the trade dress identifies the source of the product.

A trade dress is inherently distinctive if its intrinsic nature serves to identify a particular source of the product. An inherently distinctive trade dress is one that is likely to serve primarily as a designator of origin of the product, taking into consideration the nature of the trade dress and the context in which it is used. In determining whether the trade dress is inherently distinctive, you should consider the combination of elements forming the product's overall appearance.

[668] A trade dress that is arbitrary or fanciful is always inherently distinctive. A trade dress that is suggestive is also inherently distinctive. A trade dress is suggestive if it suggests rather than describes the characteristics of the product, requiring the purchaser to use his or her imagination, thought and perception to determine what the product is. In contrast, a trade dress that is descriptive, meaning that it describes the qualities or characteristics of the product, is not inherently distinctive but may become distinctive by acquiring secondary meaning in the marketplace. In determining whether the trade dress of Samara's designs is inherently distinctive, you should consider the combination of elements forming the product's overall appearance rather than examining each element separately.

Before I define secondary meaning, let's take a seventh inning stretch.

(Pause)

A product's trade dress will become distinctive by acquiring secondary meaning where the purchasing public has come to associate the trade dress as a single source or producer of the product, even if the name of the source is not known. In other words, Samara must show that the trade dress of its designs has, over time, become identified with about its producer in the minds of potential customers. [669] Factors to be considered in determining whether a product's trade dress has acquired secondary meaning include: plaintiff's advertising expenditures; consumer surveys linking the trade dress to a particular source; sales success; unsolicited media coverage; attempts to plagiarize the trade dress; the length and exclusivity of the use of a trade dress; and advertising, promoting and association between the product and the source of the product.

Intentional copying also constitutes evidence of consumer recognition and secondary meaning, although it does not by itself conclusively establish secondary meaning. Rather, evidence of intentional copying must be considered together with all the evidence in the case.

Samara has the burden of proving secondary meaning. The mere fact that Samara is using its trade dress, or that Samara began using it before Wal-Mart, does not mean that it has obtained secondary meaning. There is no particular length of time that trade dress must be used before it obtained a secondary meaning.

That completes the first element.

If you find by a preponderance of the evidence that Samara has proven that the trade dress of its designs is legally protectable, you must then consider the second element: actual

confusion. Samara must prove by a preponderance of the evidence that the allegedly infringing [670] trade dress of the Wal-Mart product caused actual consumer confusion.

Actual confusion may be shown by, among other things, testimony from consumers who are actually confused by the trade dress or by market surveys demonstrating actual consumer confusion.

Even if you find that Samara did not prove actual confusion, you may presume that there was actual confusion if Samara shows that Wal-Mart engaged in intentional deception. That presumption is a rebuttable one, and hence, if you find that Wal-Mart engaged in intentional deception, then the burden will shift to Wal-Mart to show by a preponderance of the evidence that there was no actual confusion. In that case, if Wal-Mart shows that there was no actual confusion, it will have met its burden to rebut the presumption and you must find in favor of Wal-Mart in this respect. If Wal-Mart does not show an absence of actual confusion in the face of proof of intentional deception, then Wal-Mart will not have rebutted the presumption and you must find in favor of Samara in this respect. Remember, however, that Samara must first show that Wal-Mart engaged in intentional deception to give rise to the presumption of actual confusion.

That completes the second claim.

* * * *

[684]

* * * *

Members of the jury, that concludes my instructions to you. I will ask you to remain seated while I confer with the attorneys to see if there are any additional instructions that they would like me to give or to see whether I misread anything or whether I left anything out.

So just be patient for one more moment while we have one final side bar out in the hall.

[685] (Side bar conference)

THE COURT: You do not need to repeat any of the prior objections or suggestions that I rejected. Those are deemed already made. If you want to add anything else I will be happy to listen.

MR. REITER: Your Honor, there was a word used improperly, and you read it faithfully, on page 30 in the second full paragraph in the last sentence two lines from the bottom "giving rise to a presumption that Samara succeeded in its intent to confuse consumers by adopting Samara's trade dress."

THE COURT: You are looking at the old one.

MR. REITER: Trade dress.

THE COURT: Trade dress damages?

MR. REITER: Which is B.

THE COURT: I have it. Samara succeeded in its intent. I will clarify that.

MR. REITER: Thank you, your Honor.

THE COURT: Anything else from plaintiff?

MR. REITER: No, your Honor.

THE COURT: Wal-Mart?

MR. COSTON: On elements of the copyright claim ownership, you had previously corrected the word to be "designs and arrangements" and I should have been more attentive and realized that the word "applique" continues on [686] in that instruction and that "applique" throughout should have been "design and arrangements."

Having said that I am not sure that it's anything that really --

THE COURT: The only thing I could possibly say is that some of the designs don't involve appliques. I don't know.

MR. COSTON: That would be fine, or they look at the registration to determine the scope of the copyright claim.

THE COURT: I will instruct them in considering the designs and what was copyrighted they should look at the registrations, which are the exhibits, which we will send in automatically even if they don't ask for them.

MS. WAITE: Somehow I didn't notice this, and it apparently got dropped out somewhere, any reference to the fact that trade dress cannot be merely functional in order to be protected, and we seem to have somehow lost that altogether.

THE COURT: On the top of page 20 it says, "Trade dress features that are commonplace or customarily used to package products are generally not distinctive."

I don't know I ever saw functional but, in any event, it's certainly something I would have included.

MS. WAITE: I have our proposed jury charge [687] number ten. It's very short, just one paragraph, two sentences.

THE COURT: Is there an objection if I say trade dress cannot be merely functional?

MR. REITER: No objection.

THE COURT: I will say that. Anything else?

MR. COSTON: No, sir.

(In open court)

THE COURT: There were three quick things. At one point when I read my charge I read a sentence where I said "Samara" when I should have said "Wal-Mart." The sentence was "Alternatively, you may find that Wal-Mart's actions were intentionally deceptive, giving rise to a presumption that" -- and I said "Samara succeeded in its intent to confuse" and obviously I meant that "Wal-Mart succeeded in its intent to confuse consumers by adopting Samara's trade dress." I think in context the error would have been obvious but just to make that clear. That is number one.

Number 2, trade dress to be protectable is not functional, and I don't know if it's clear in the context. In my discussion of what was protectable I said that trade dress features that are commonplace or customarily used to package products in a given industry are generally not distinctive enough to be protectable, and likewise trade [688] dress features that are merely functional are generally not distinctive enough to be protectable.

The third thing was simply an instruction that in considering the designs and what is copyrighted, you should of course look at the descriptions that are contained in the registrations and we will send them in right away, that is, Plaintiff Exhibits 1 through 11 and 13 and 14. If there is anything else that you want if you can remember all the numbers or just describe the categories we can send in whatever else you would like to see.

I think what you should do, before you do anything, is send back a note telling me how late you want to work today and if you don't finish today whether you want to come back tomorrow or you would rather just wait until Monday. So pick a foreperson, answer those two questions and write down your answers on a piece of paper and send this back out.

Counsel, anything else?

MR. REITER: No, your Honor.

MR. COSTON: No, your Honor.

* * * *

[695]
January 10, 1997
10:00 a.m.

* * * *

[701]

* * * *

Q. Jurors listen to your verdict as it stands recorded. Has the jury agreed upon a verdict?

A. Yes, I have.

Q. One, copyright infringement claim. Does Samara [702] own a valid copyright with respect to the following designs:

Plaintiff Exhibit 1?

A. Yes.

Q. 2?

A. Yes.

Q. 3?

A. Yes.

Q. 4?

A. Yes.

Q. 5?

A. Yes.

Q. 6?

A. Yes.

Q. 7?

A. Yes.

Q. 8?

A. Yes.

Q. 9?

A. Yes.

Q. 10?

A. Yes.

Q. 11?

A. Yes.

Q. 13?

A. Yes.

[703]Q. 14?

A. Yes.

Q. With respect to each of the designs for which you have found that Samara owns a valid copyright, that is, for those designs for which you ever answered "Yes" to Question 1, did Wal-Mart infringe Samara's copyright?

Plaintiff Exhibit 1?

A. Yes.

Q. 2?

A. Yes.

Q. 3?

A. Yes.

Q. 4?

A. Yes.

Q. 5?

A. Yes.

Q. 6?

A. Yes.

Q. 7?

A. Yes.

Q. 8?

A. Yes.

Q. 9?

A. Yes.

Q. 10?

[704]A. Yes.

Q. 11?

A. Yes.

Q. 13?

A. Yes.

Q. 14?

A. Yes.

Q. Question number 3: Was Wal-Mart's infringement wilful?

A. Yes.

Q. Question number 4: What sum, if any, do you award Samara for actual damages?

A. Zero.

Q. Question number 5: What sum, if any, do you award Samara for Wal-Mart's profits?

A. $912,856.77.

Q. Part 2, trade dress infringement claim. Was Samara's trade dress protectable?

A. Yes.

Q. Question number 7: Did Wal-Mart infringe Samara's trade dress?

A. Yes.

Q. Question number 8: Was Wal-Mart's infringement of Samara's trade dress wilful?

A. Yes.

[705]Q. Question number 9: What sum, if any, do you award Samara for actual damages?

A. Zero.

Q. Question number 10: What sum, if any, do you award Samara for Wal-Mart's profits?

A. $240,458.53.

Q. Part 3, deceptive practices claim.

Question number 11: Did Wal-Mart engage in deceptive practices with respect to Samara's designs and trade dress in a materially misleading respect?

A. Yes.

Q. Question number 12: Was Samara damaged by Wal-Mart's deceptive practices?

A. Yes.

Q. Question number 13: Were Wal-Mart's deceptive acts wilful?

A. Yes.

Q. Question number 14: What sum, if any, do you award Samara for damages?

A. $50.

Q. Part 4, unfair competition claim.

Question number 15: Did Wal-Mart misappropriate a commercial advantage that rightfully belonged to Samara?

A. Yes.

Q. Question number 16: Did Wal-Mart's actions cause [706] confusion in the minds of consumers between Samara clothing and Wal-Mart's clothing?

A. Yes.

Q. Question number 17: Did Wal-Mart act in bad faith?

A. Yes.

Q. Question number 18: What sum, if any, do you award Samara for actual damages?

A. Zero.

Q. Question number 19: What sum, if any, do you award Samara for Wal-Mart's profits?

A. Zero.

THE CLERK: Please be seated.

THE COURT: Poll the jury.

(Jury polled)

* * * *

[707]

* * * *

MR. COSTON: Your Honor, we would like to renew the motions made during the trial and ask the court for some time to prepare the post trial motion for judgment notwithstanding the verdict or what is now called –

THE COURT: Judgment as a matter of law.

Your motions are deemed made.

How much time do you need to submit something?

MR. COSTON: Can we have three weeks, your Honor?

THE COURT: Alright, three weeks.

I think under the circumstances before I require a response I will take a look at the papers first. I have a pretty good handle on the evidence and the law, so if I want a response I will let the plaintiffs know. Otherwise I will await your brief in three weeks.

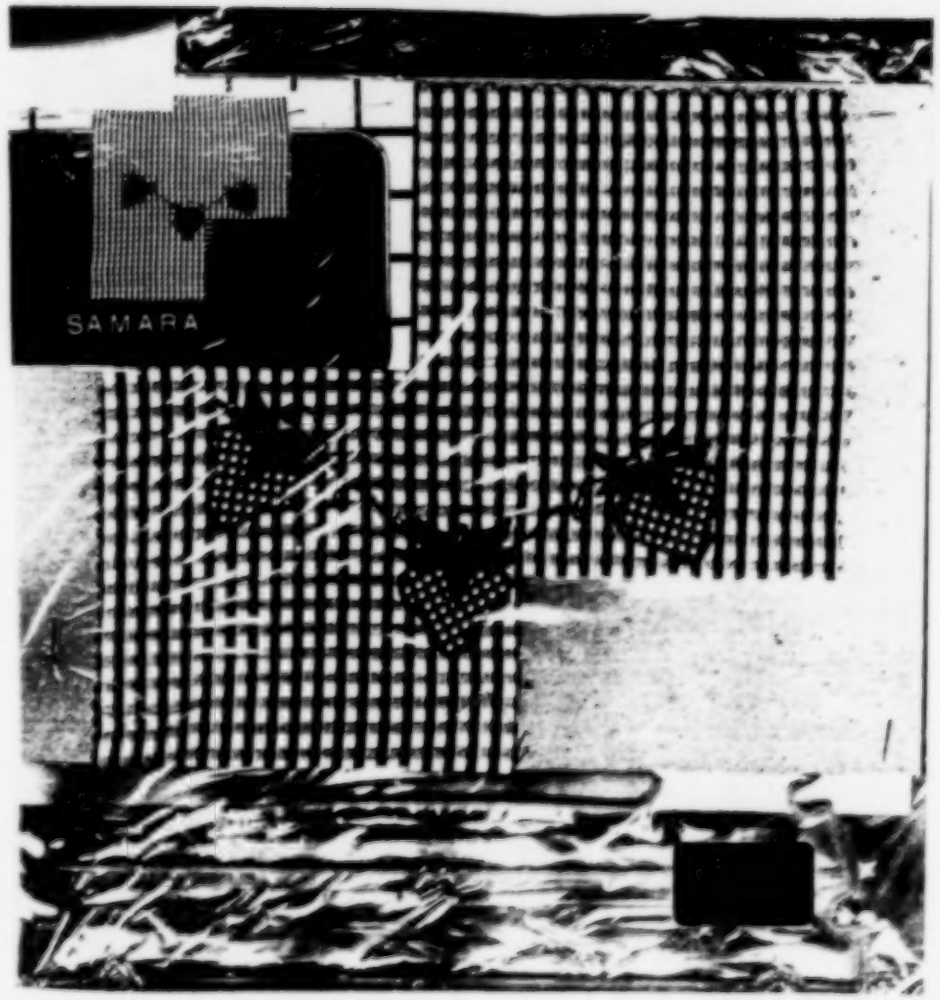
* * * *

Plaintiff's Exhibits 1A, 3A, 4A, 4C, 5A, 6A, 8A, 9A, 10A, 32A, 33A, 36A – 36N, 36R, 37A – 37O can be found at page JA-287 of this Joint Appendix, annexed to the Judgment of July 2, 1999.

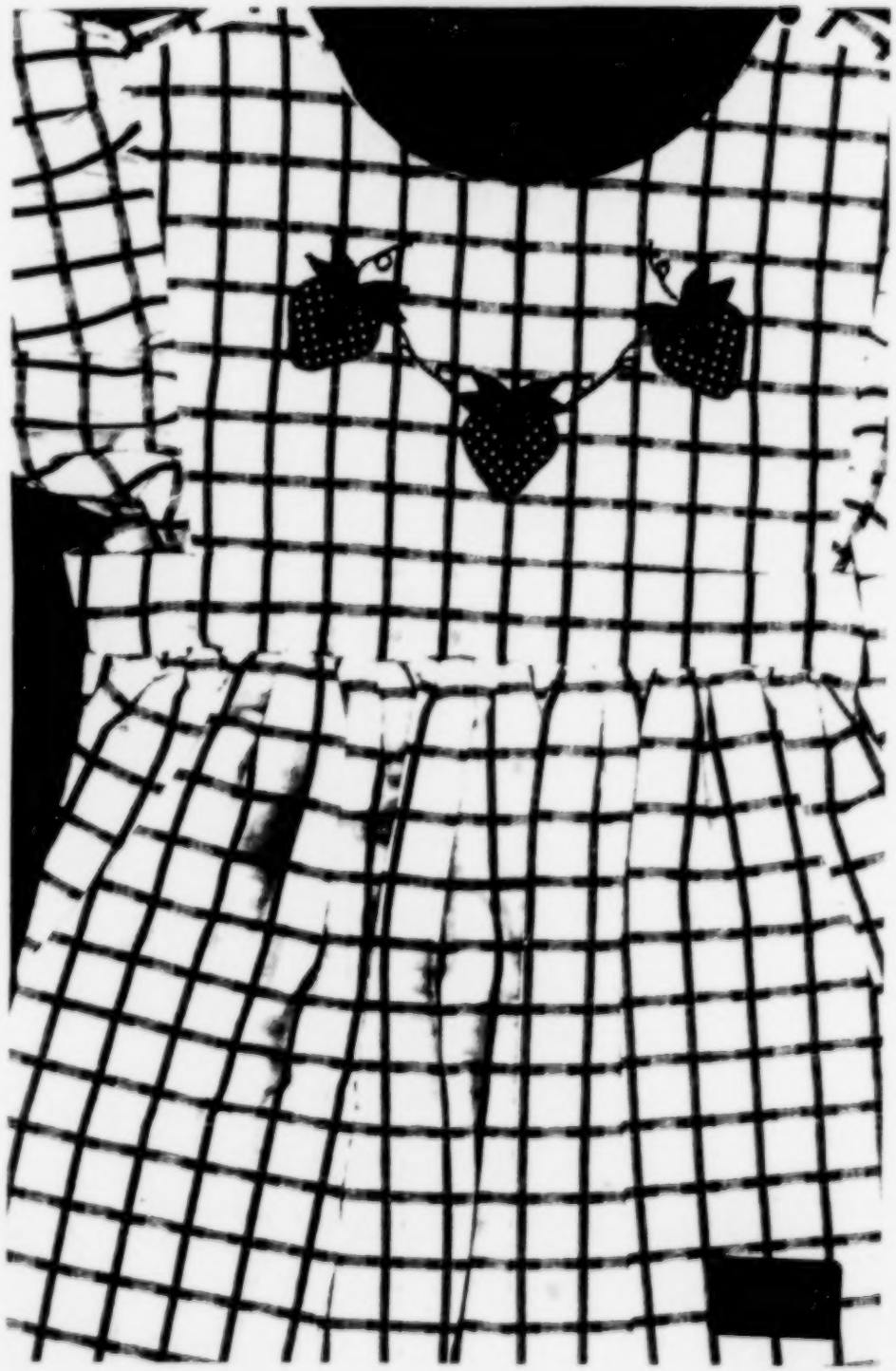
Plaintiff's Exhibit 1B



Plaintiff's Exhibit 2A



Plaintiff's Exhibit 2B



Plaintiff's Exhibit 3B



JA-160

Plaintiff's Exhibit 3C2

PLAINTIFF'S EXHIBIT 3C-2

WAL-MART / QUOTE SHEET – SOFTLINES



SHIP DATE & QTY FOR PATTERN / COLOR / SIZE ASSORTMENT

option 3 - Butterfly

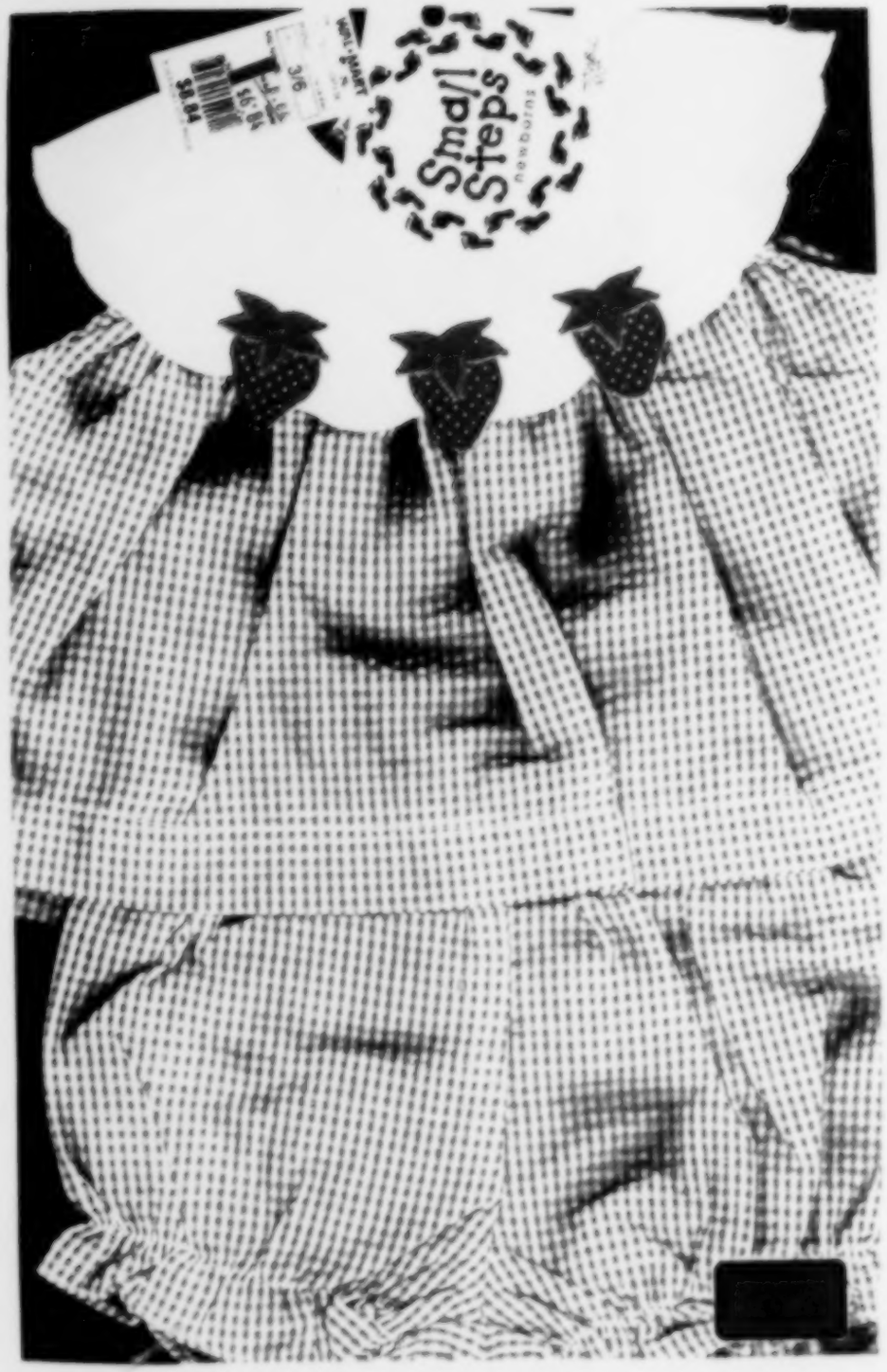
2 - Strawberries + Grapes

Body

Plaintiff's Exhibit 4B



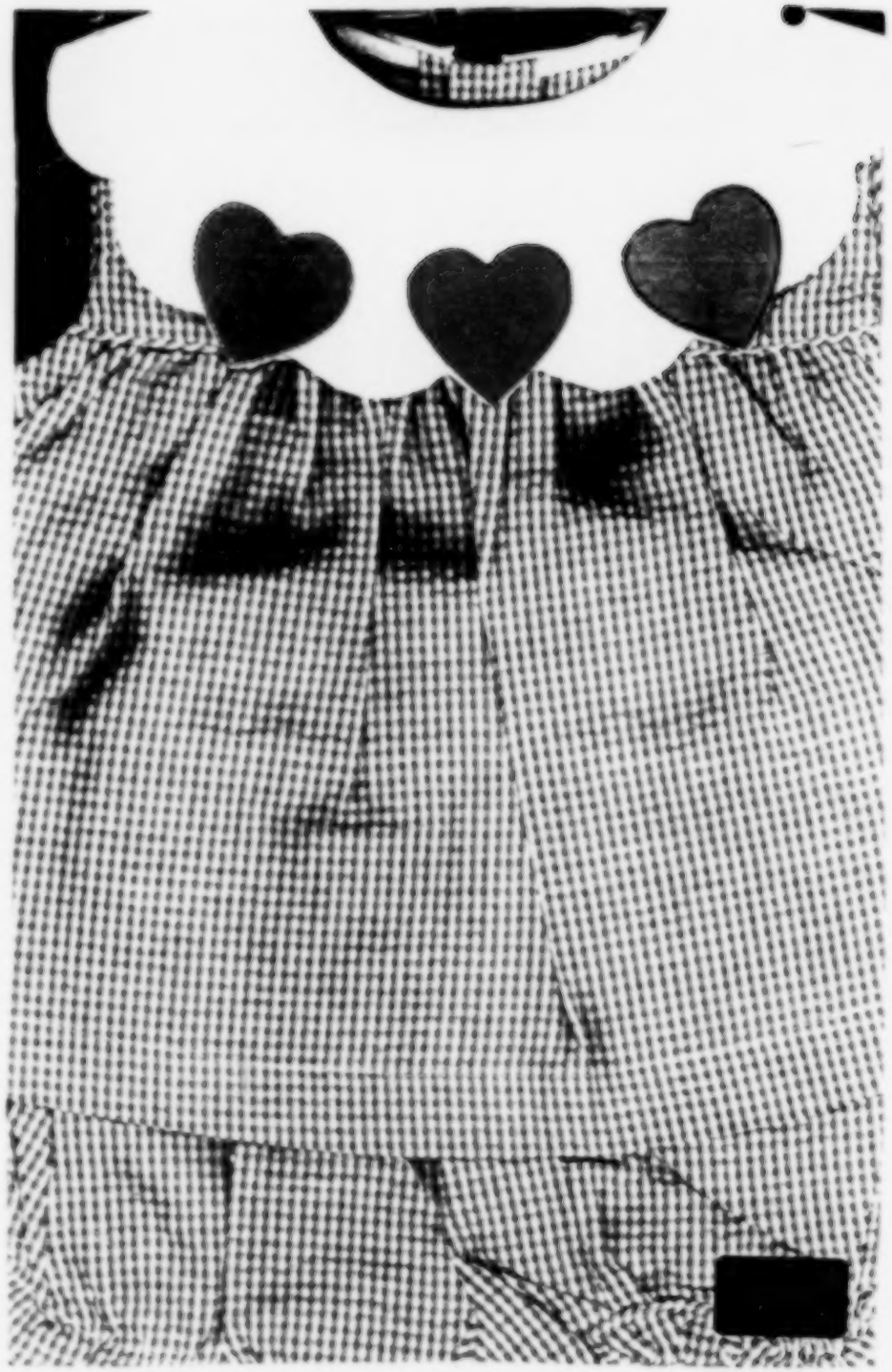
Plaintiff's Exhibit 4D



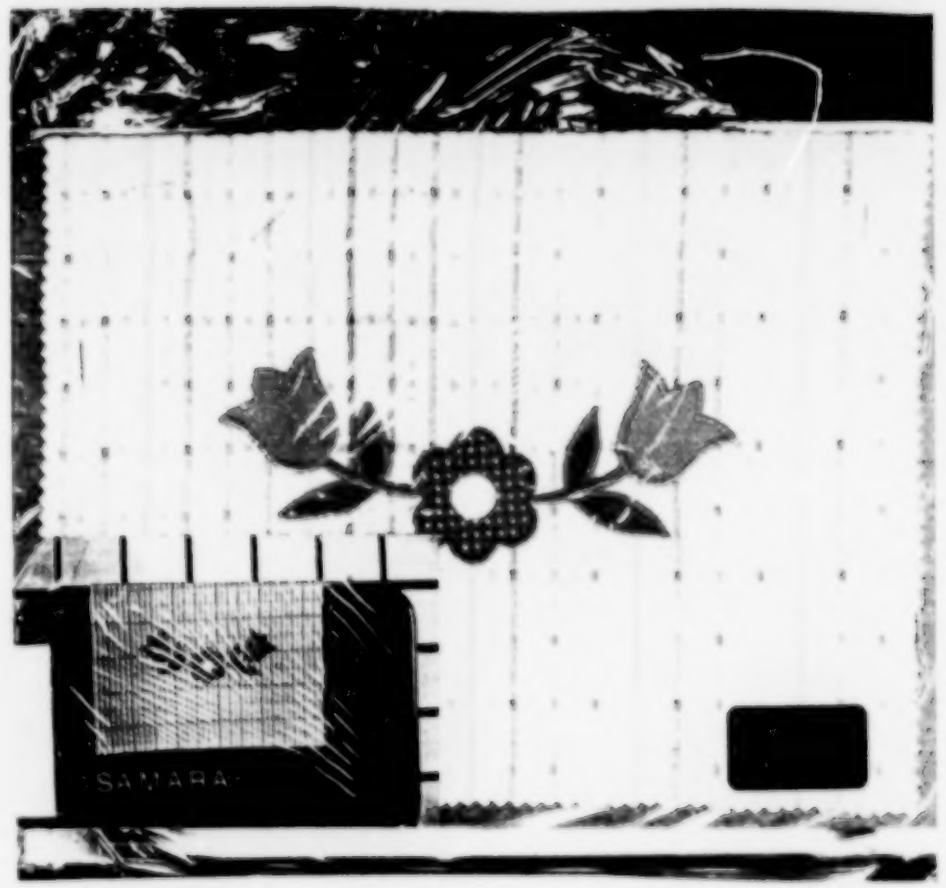
Plaintiff's Exhibit 5B



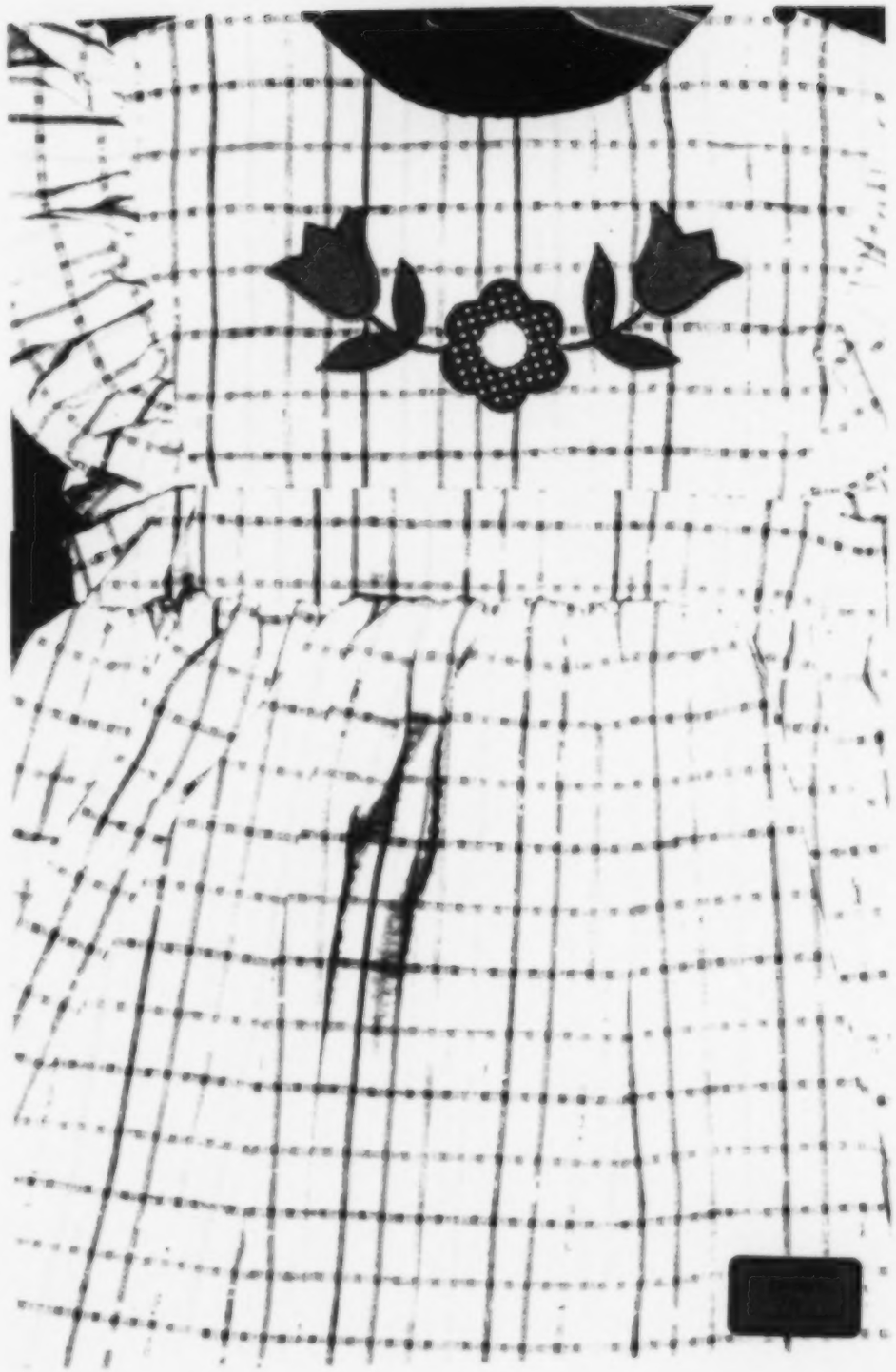
Plaintiff's Exhibit 6B



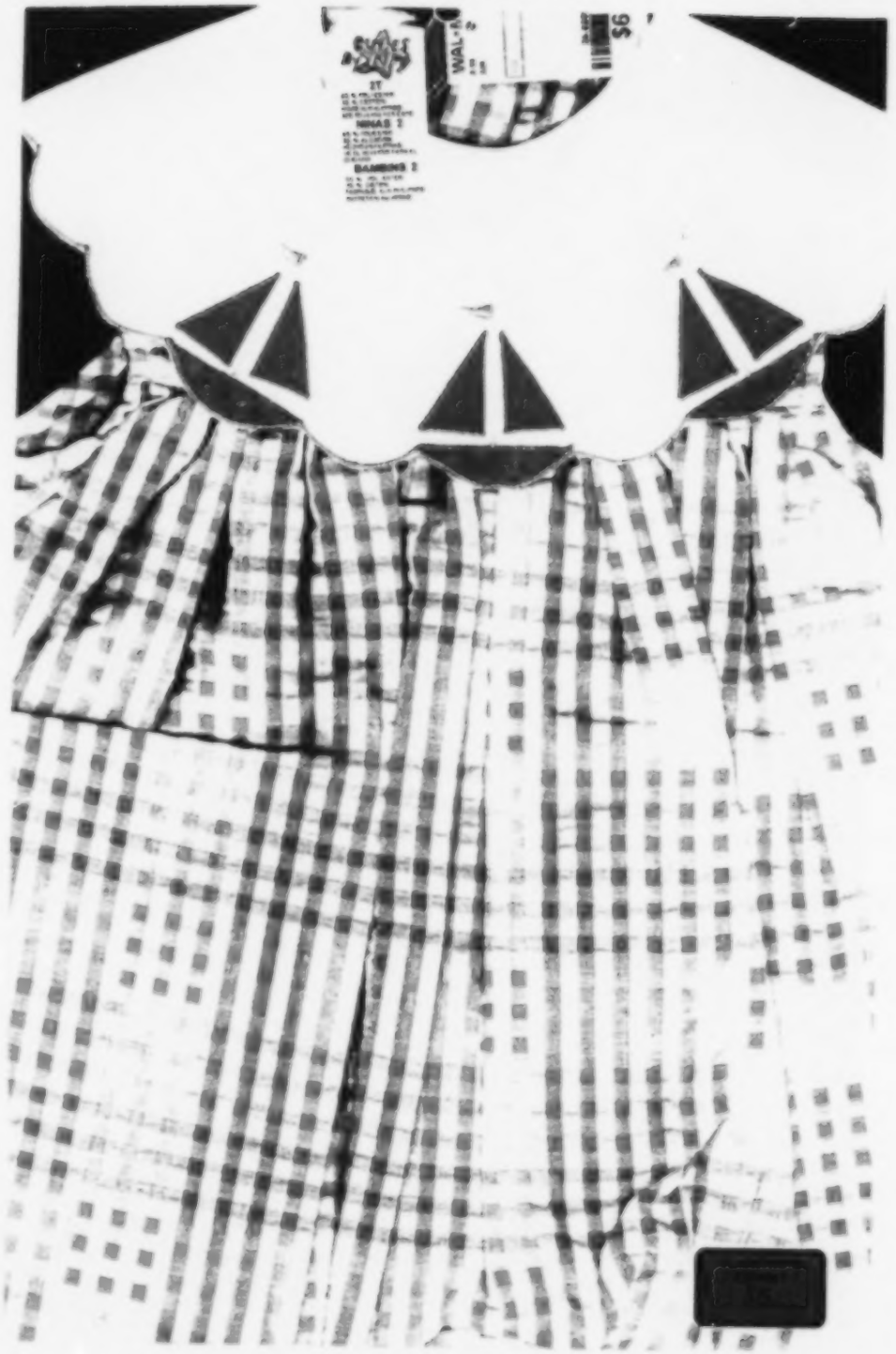
Plaintiff's Exhibit 7A



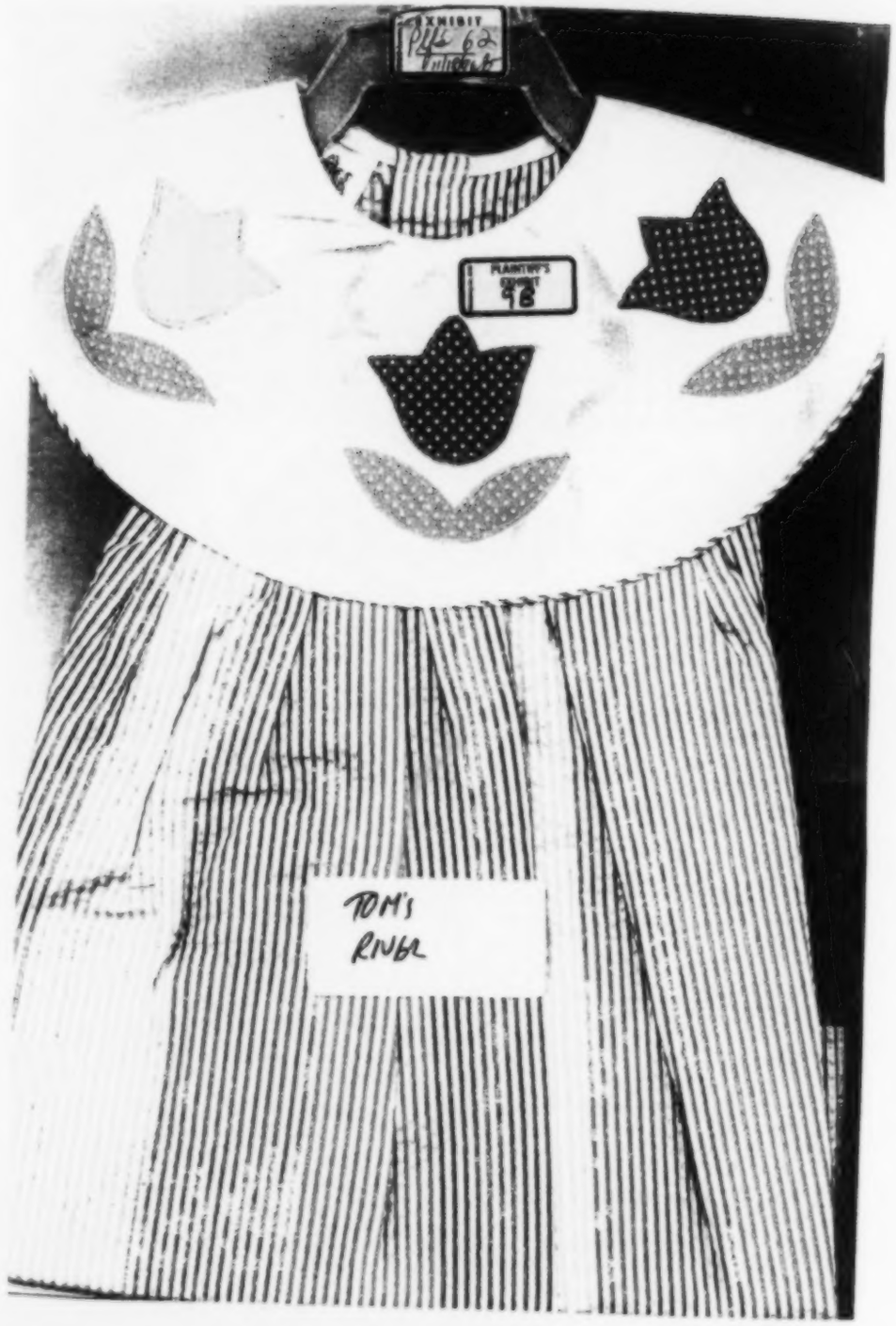
Plaintiff's Exhibit 7B



Plaintiff's Exhibit 8B



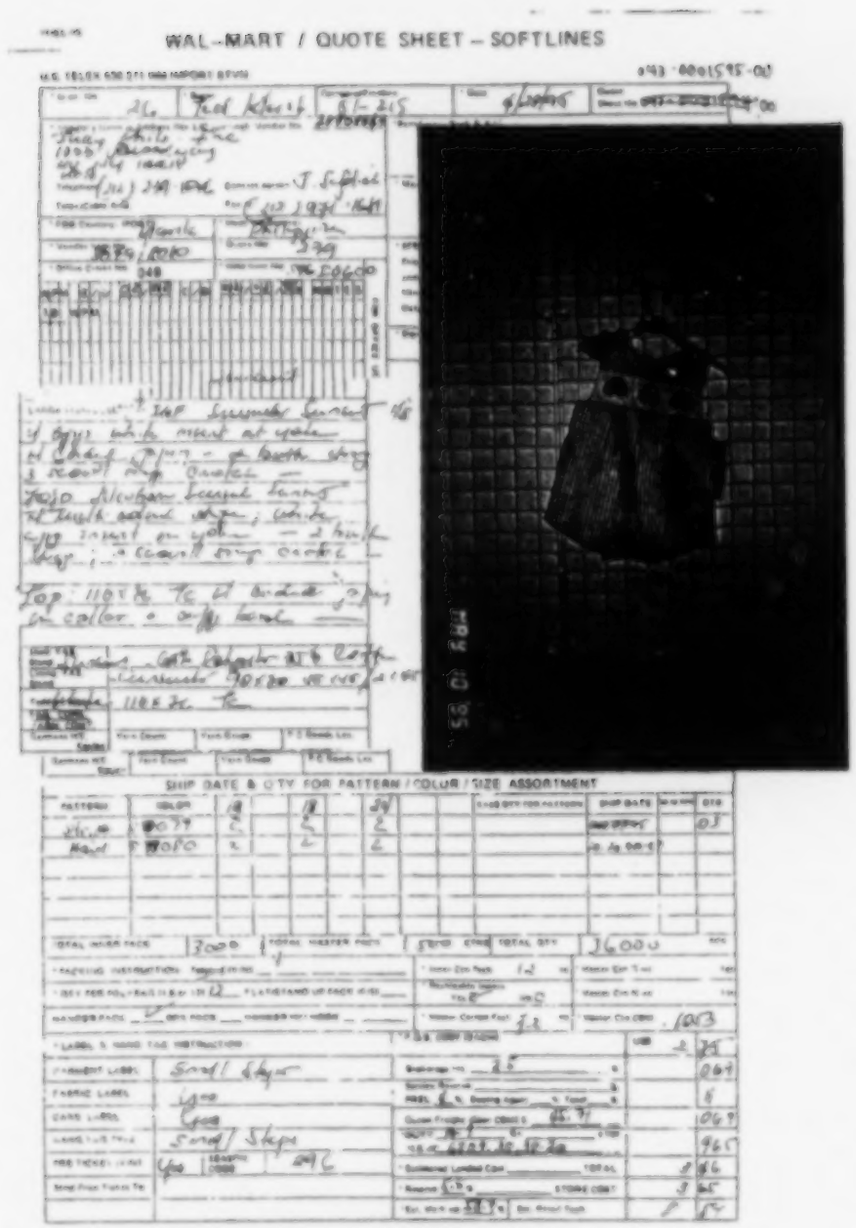
Plaintiff's Exhibit 9B



Plaintiff's Exhibit 10B



Plaintiff's Exhibit 10C2

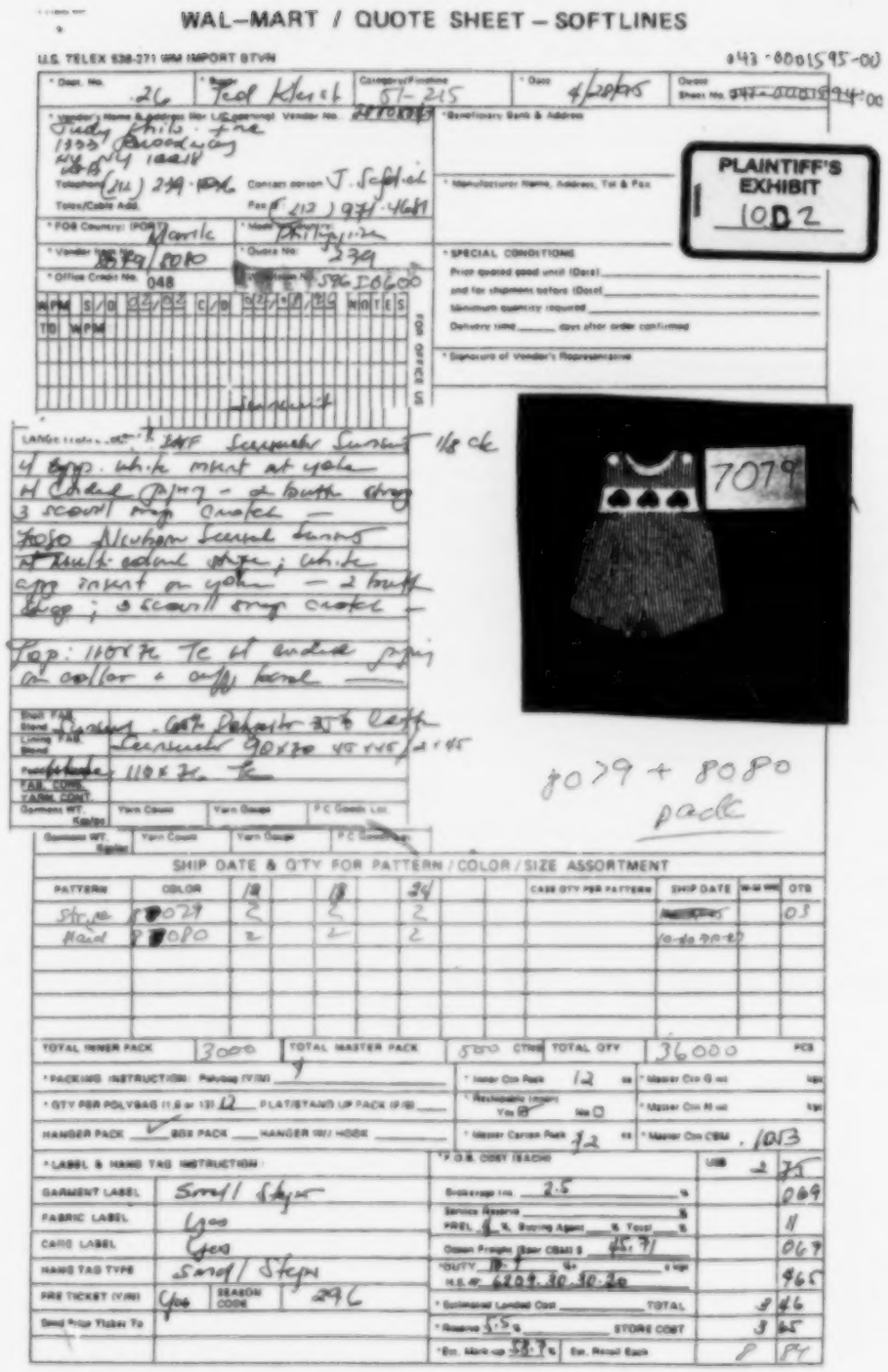

WAL-MART / QUOTE SHEET – SOFTLINES

SHIP DATE & QTY FOR PATTERN / COLOR / SIZE ASSORTMENT

PLAINTIFF'S EXHIBIT 10C2

JA-171

Plaintiff's Exhibit 10D2



WAL–MART / QUOTE SHEET – SOFTLINES

U.S. TELEX 538-271 WM IMPORT BTVN

043-00015995-00

* Dept. No.	* Buyer	Category/Fineline	* Date	Closed
26	Teal Klesh	57-215	4/28/95	Sheet No. 043-00015994-00

* Vendor (Name & address like L/C opening) Vendor No. 2270083
Judy Phils Fine
1333 Broadway
NY NY 10018
Telephone (212) 239-1006 Contact person J. Schlesinger
Telex/Cable Add. Fax (212) 971-4689

* Beneficiary Bank & Address

* Manufacturer Name, Address, Tel & Fax

PLAINTIFF'S EXHIBIT 10D2

* FOB Country (POO) Manila | * Mode Ship/Air

* Vendor Style No. 8579/8080 | * Quote No. 379

* Office Order No. 048 | * Telephone No. 586-1600

* SPECIAL CONDITIONS
Price quoted good until (Date) _____
and for shipments before (Date) _____
Minimum quantity required _____
Delivery time _____ days after order confirmed

* Signature of Vendor's Representative

W/PM	S/O	C/O	T/O	NOTES
TD W/PM				

FOR OFFICE USE

LANGUAGE: * 2 PKF Seersucker Fashion 1/8 ck
4 Bags white mount at yoke
H Shank Spring - 2 button strap
3 scout snap closure —
7050 Newborn Seersucker Fashion
at Multi colored stripe; white
cap mount on yoke — 2 button
strap; 3 scout snap closure —
Top: 110x76 TC H embroid spray
on collar + cuff band —

Shell Fab. Blend: Poplin - 65% Polyester 35% Cotton
Lining Fab. Blend: Seersucker 90x70 45 x 45 2 x 45
Pocketing: 110 x 76 TC
FAB. CONS. YARN CONT.
Garment WT. Kg/doz | Yarn Count | Yarn Gauge | F.C. Count Loc.
Garment WT. Kg/doz | Yarn Count | Yarn Gauge | F.C. Count Loc.

7079 + 8080 pack

SHIP DATE & Q'TY FOR PATTERN / COLOR / SIZE ASSORTMENT

PATTERN	COLOR	12	18	24			CASE QTY PER PATTERN	SHIP DATE	W/M WK	QTD
Stripe	7079	2	2	2				[illegible]		03
Plaid	8080	2	2	2				10-20-20-20		

TOTAL INNER PACK 3000 | TOTAL MASTER PACK 500 CTNS | TOTAL QTY 36000 PCS

* PACKING INSTRUCTION: Polybag (Y/N) Y
* QTY PER POLYBAG (1,2 or 12) 12 FLAT/STAND UP PACK (F/S) ____
HANGER PACK ✓ BOX PACK ____ HANGER (W) / HOOK ____

* Inner Ctn Pack 12 ea | * Reshippable (Import) Yes ☐ No ☐
* Master Carton Pack 12 ea | * Master Ctn CBM 1013

* LABEL & HANG TAG INSTRUCTION:

GARMENT LABEL	Small Stripe
FABRIC LABEL	Yes
CARE LABEL	Yes
HANG TAG TYPE	Small Stripe
PRE TICKET (Y/N)	Yes SEASON CODE 296
Send Price Ticket To	

* F.O.B. COST (EACH)

Brokerage Inc. 2.5 %		
Service Reserve ____ %		
PREF. ____ % Buying Agent ____ % Total ____ %		
Ocean Freight Base CBM $ 45.71		069
*DUTY 16.5 % Ad ____ Sp ____		11
H.S. # 6209.30.30.20		965
* Estimated Landed Cost ____ TOTAL	$	46
* Reserve 5.5 % ____ STORE COST	$	25
* Est. Mark-up 59.7 % Est. Retail Each	$	99

Plaintiff's Exhibit 10H

BOM STYLE: 263-06314 V. 1 DATE OF 6/29/92 REVISED 2'30

COLORS: 1, 2, 3 - 4 (#4)

CATEGORY: 209 SIZE RANGE: 3/6 | 6/9 | | | SIZE: RATIO: 4 | | 8

MATERIALS (for one dozen garments):

#8
#9
(Use the BOM for #9)

FABRICS: | QTY

Pincord - Combo #1 & #4 — Sunsuit body
Seersucker - Combo #2 & #3 — Sunsuit body
Pincord front yoke - All Combos as per attached sketch (white)
Broadcloth - white - 1/2 yoke linings front & back

ACCESSORIES, TRIMS:

label - joker / Case
label - Carter's neck label | 12
Price tickets - Carters | 12
buttons - 301 Chalk White | 24
Cording - front yoke piping - Combo # 2, 3 & 4 - SELF (piping)
snaps - white - crotch | 30 s
Hangers - 12" | 12

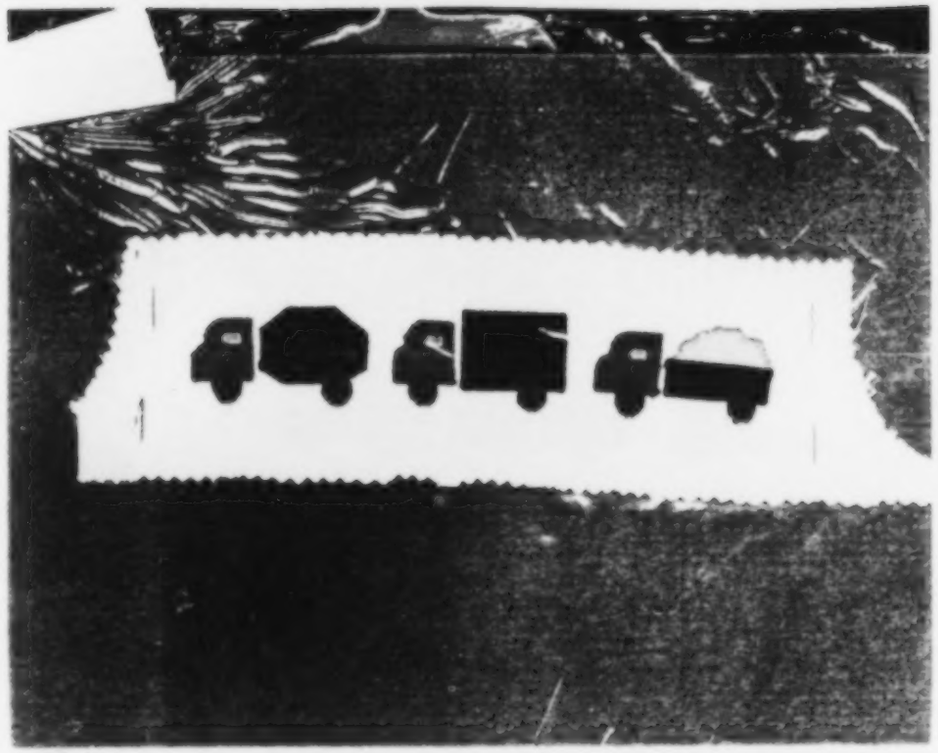
PACKING METHOD:
dz/washippable box

REMARKS:

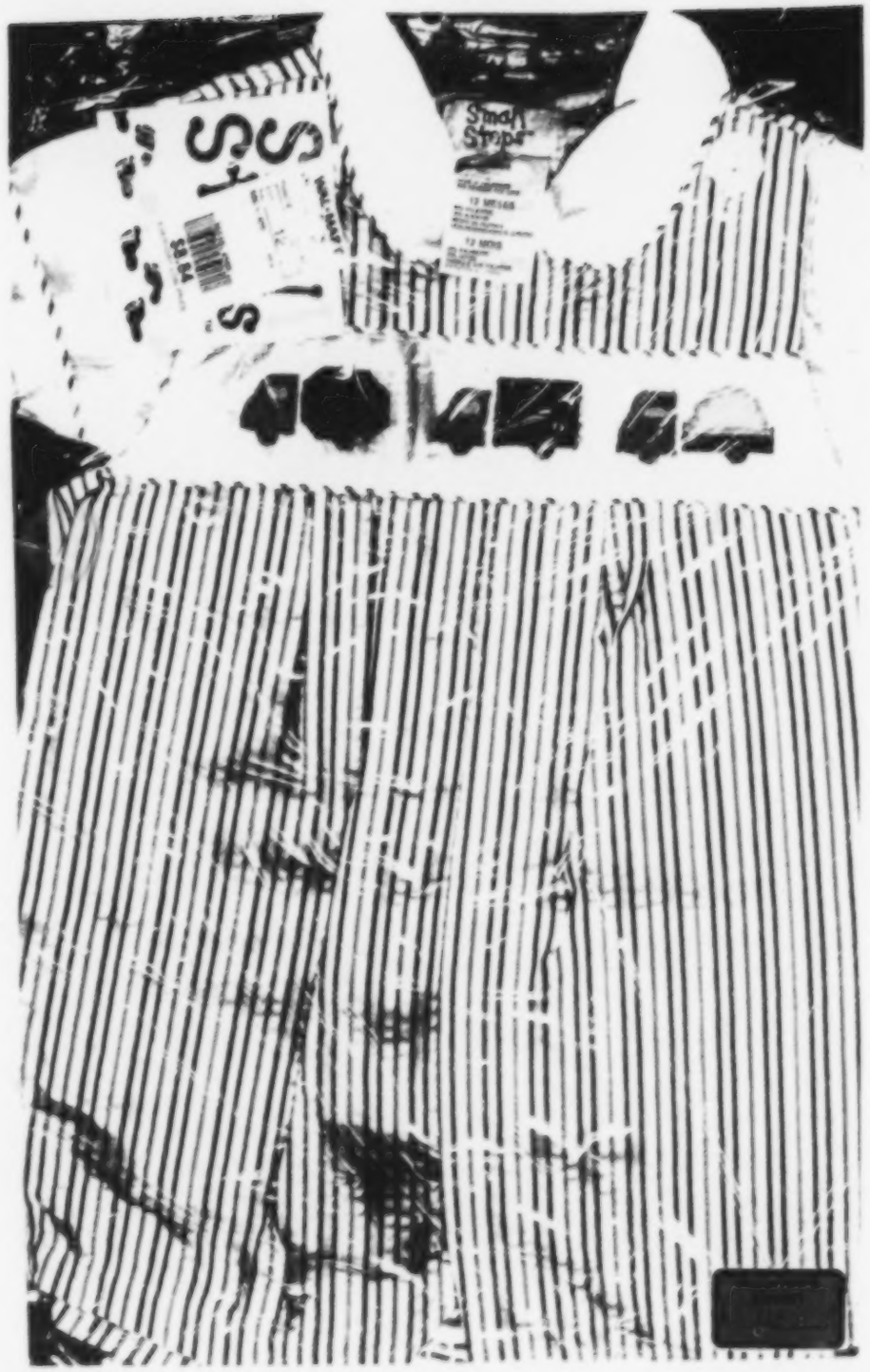
(1) Buyer will supply necklabel.
(2) Assort 3 pcs. per Combo.
(3) There are to be NO hangtags on these garments.
(4) Buyer will supply price ticket.
(5) Mail boxes Carters

PLAINTIFF'S EXHIBIT 10H

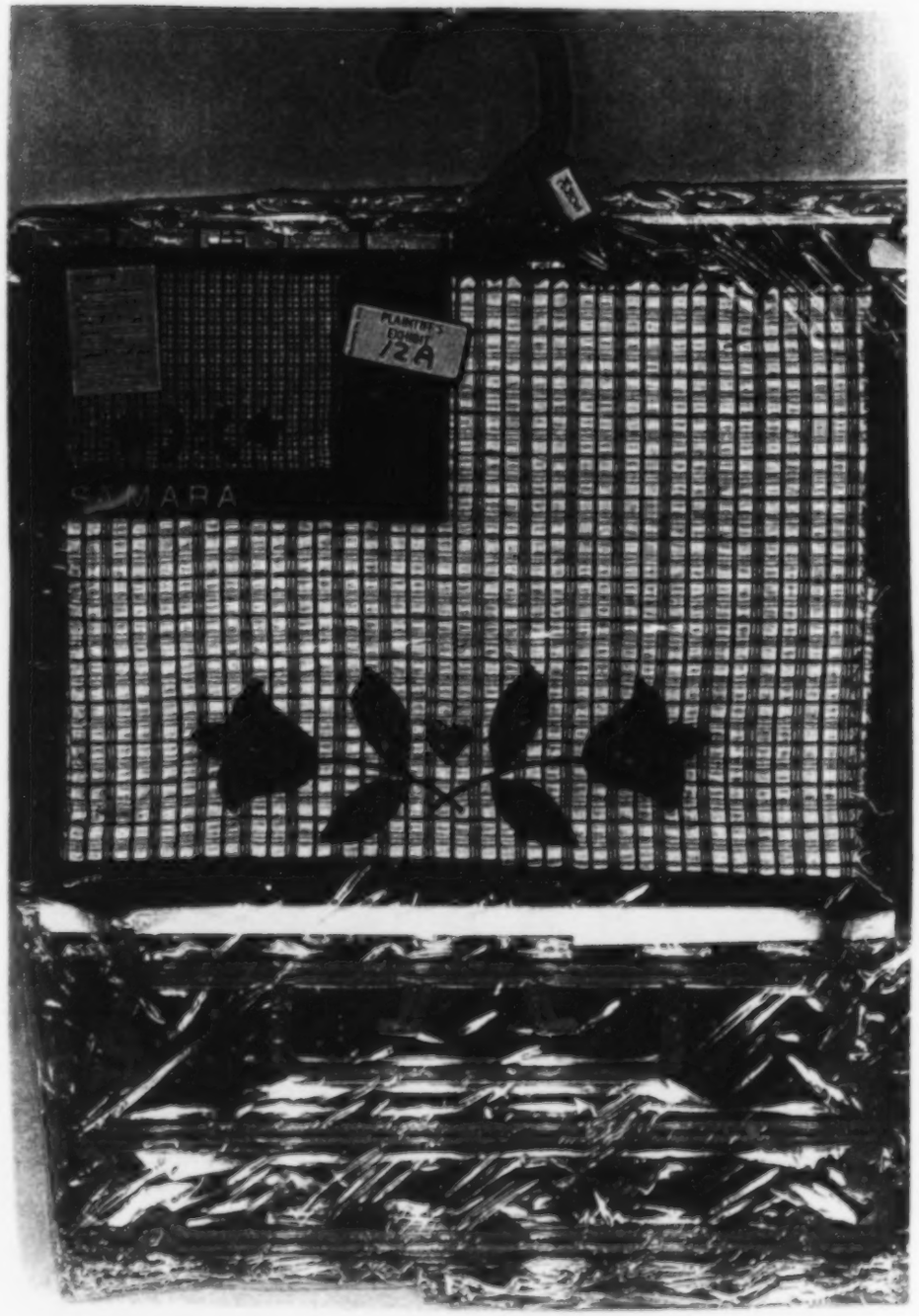
Plaintiff's Exhibit 11A



Plaintiff's Exhibit 11B



Plaintiff's Exhibit 12A



Plaintiff's Exhibit 12B

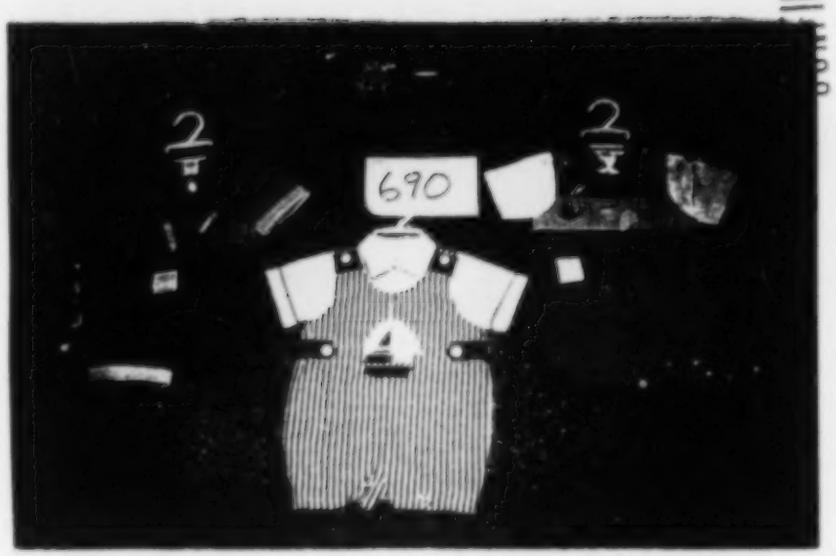


Plaintiff's Exhibit 13A



JA-178

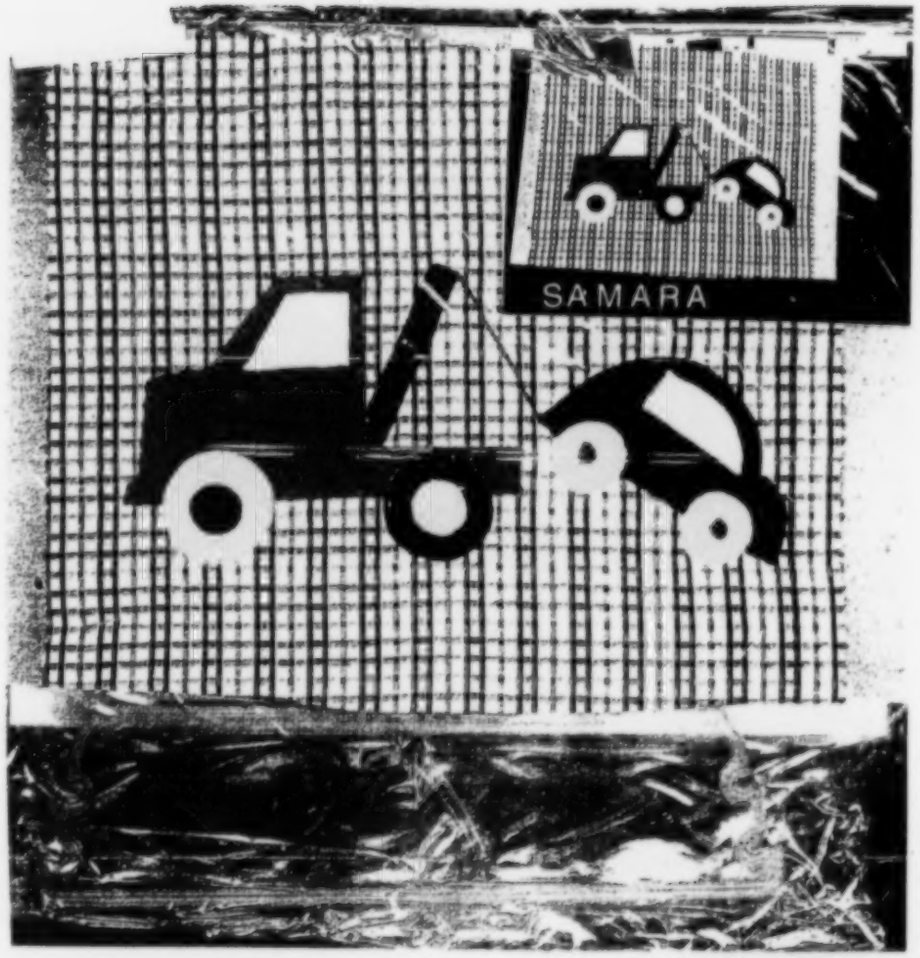
Plaintiff's Exhibit 13B





CONFIDENTIAL 001256

Plaintiff's Exhibit 14A



JA-180

Plaintiff's Exhibit 14B



CONFIDENTIAL

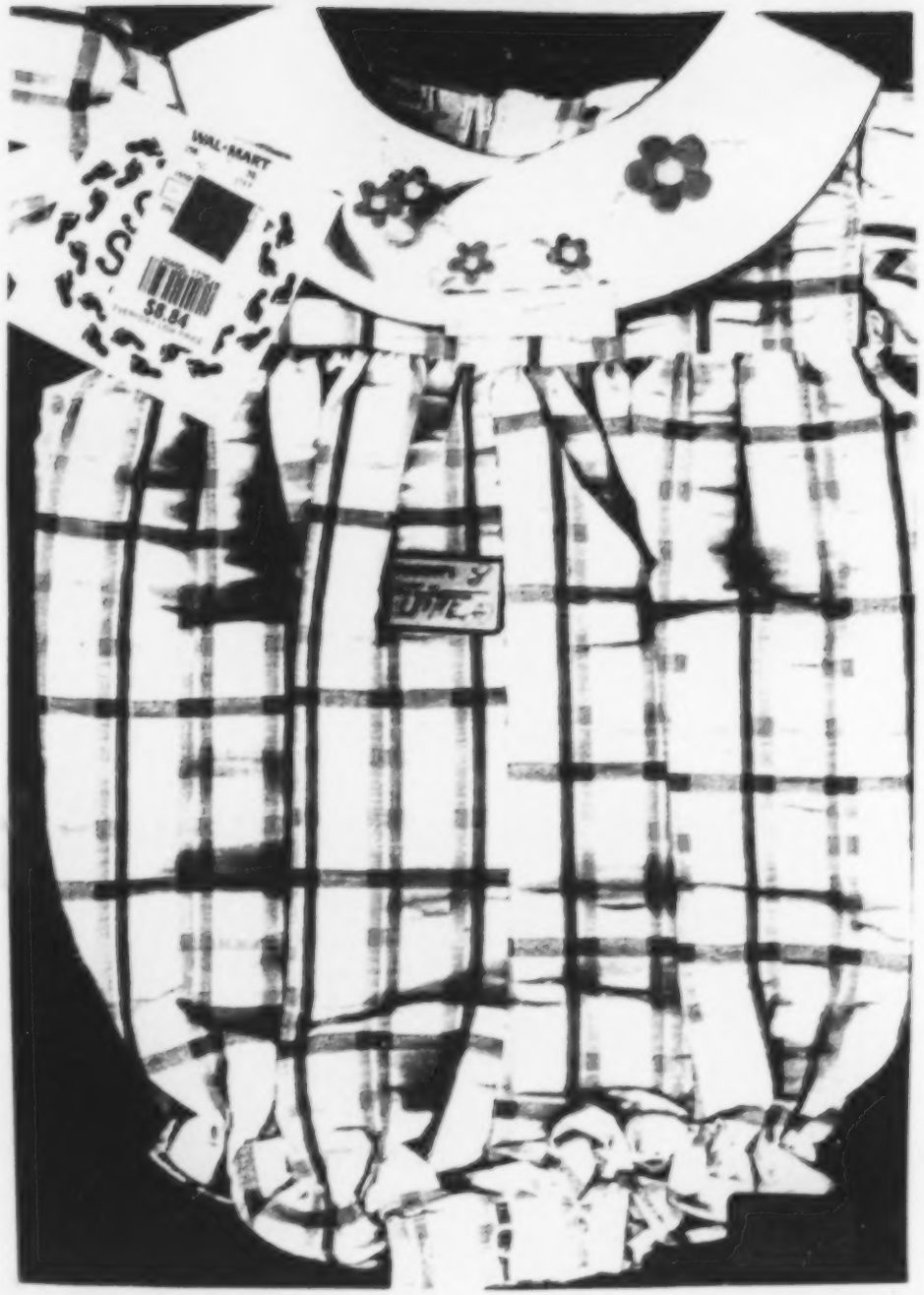
001267

PLAINTIFF'S EXHIBIT 14B

Plaintiff's Exhibit 18



Plaintiff's Exhibit 19



Plaintiff's Exhibit 20



Plaintiff's Exhibit 24



Plaintiff's Exhibit 25



JA-186



Plaintiff's Exhibit 28





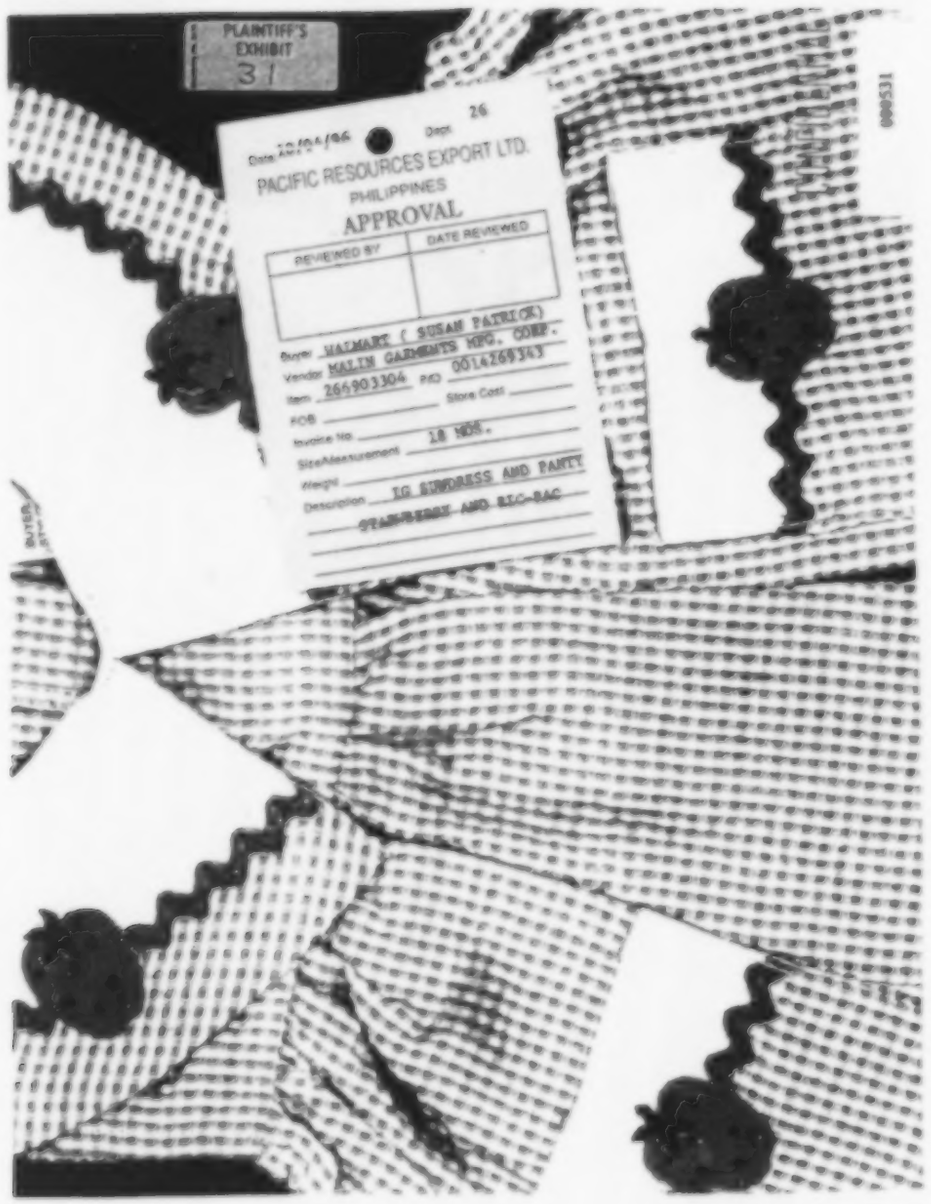
Plaintiff's Exhibit 29





JA-191

Plaintiff's Exhibit 31



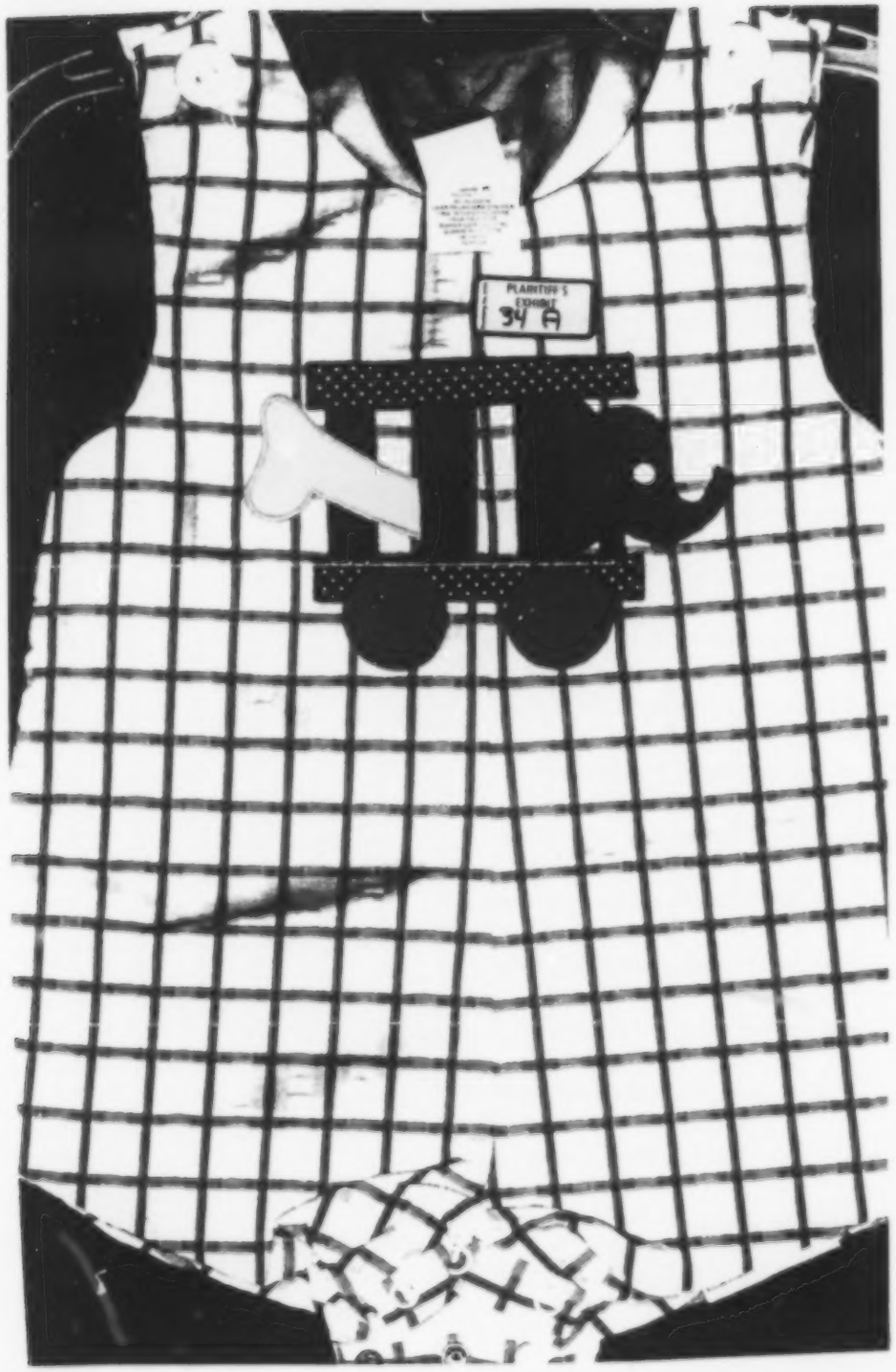
Plaintiff's Exhibit 32B



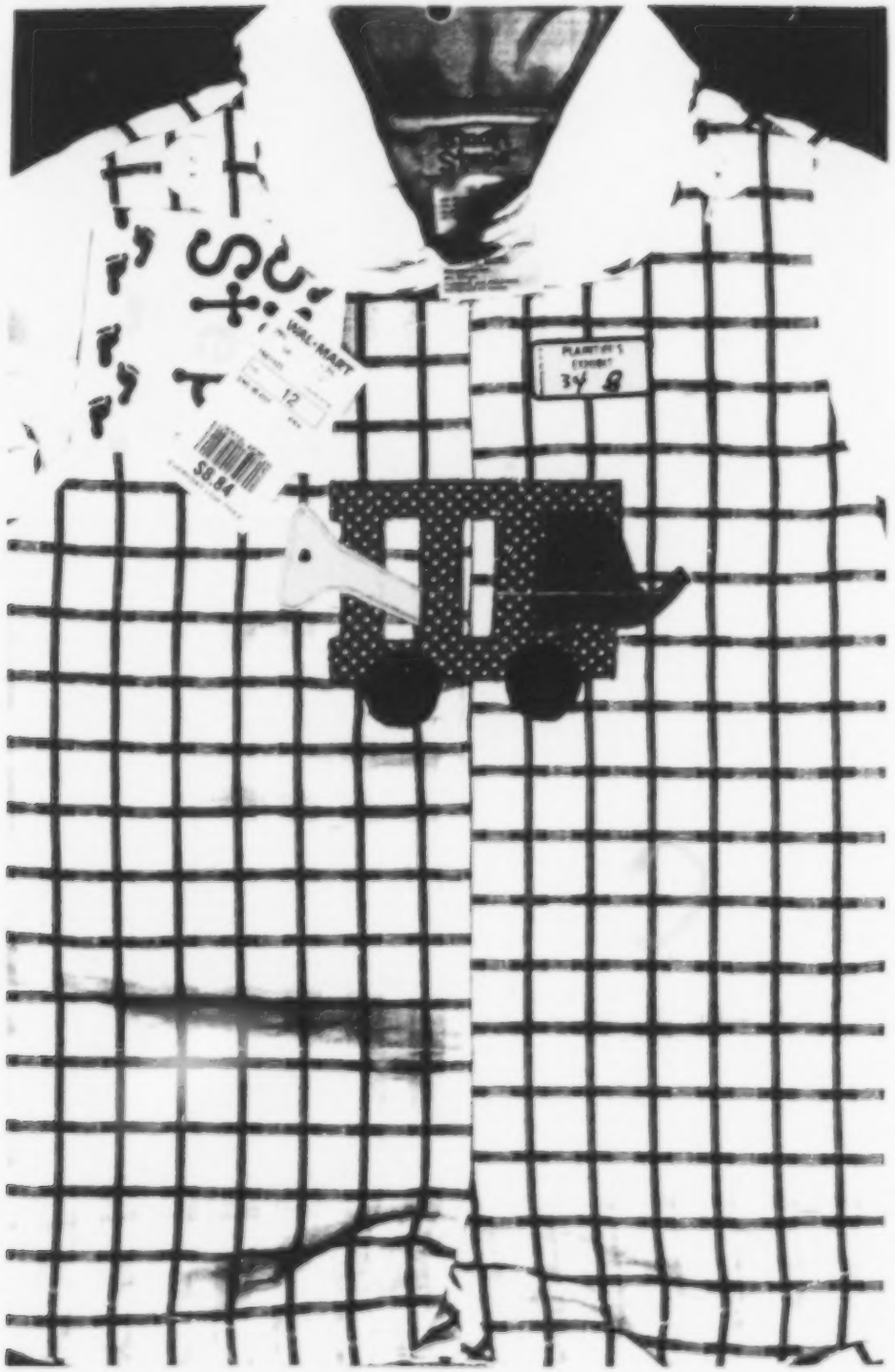
Plaintiff's Exhibit 33B



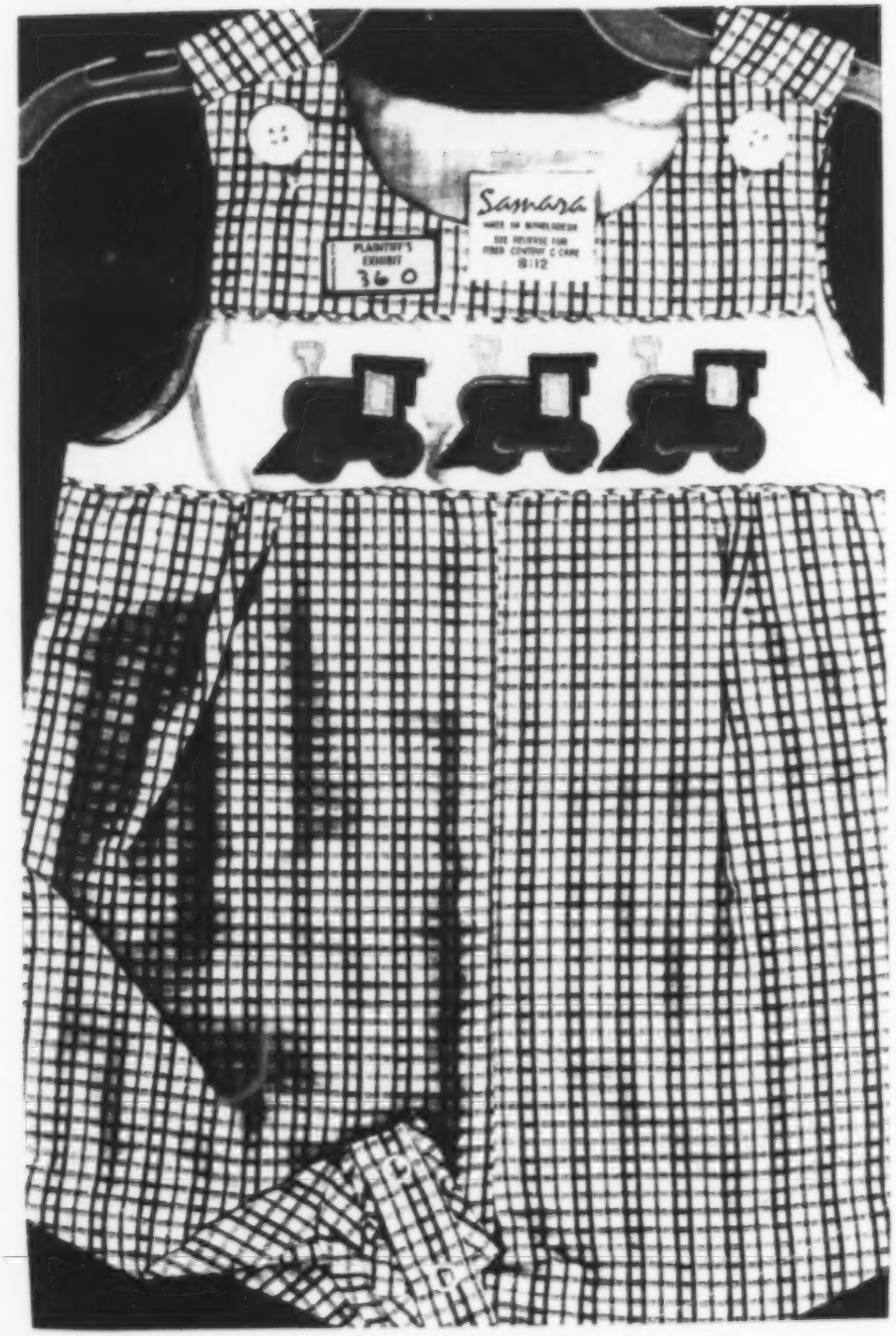
Plaintiff's Exhibit 34A



Plaintiff's Exhibit 34B



Plaintiff's Exhibit 36O



Plaintiff's Exhibit 38




baby & toddler stock-up sale
everything they need for fun-filled days of summer
badge denim jumpers 12.99
Ours exclusively for girls 2T-4T in 100% cotton. Reg. $18
ocean pacific 11.99
Shorts sets for boys 2T-4T in a variety of sporty prints. Reg. 16.99
novelty bodysuits 6.99
From Sweet Impressions. 100% cotton, for infants mos. Choose from assorted sayings. Reg. $10
25% off oshkosh
Colorful playwear for newborns and infants 3-24 mos., toddlers 2T-4T, boys 4-7, girls 4-6x. Denim, tees, shortsets, shorts and more. Reg. $12-$42 Sale $9-31.50
Sale prices in effect 5/21-6/8/96.
samara dresses 12.99
Partytime favorites in all-cotton brights & patterns. For newborns, infants & toddlers Reg. $18
first impressions basics 9.99
For newborns and infants 3-24 mos. Bodies, creepers, and sunsuits in textured steeds. Reg. $14
french creepers 4.99
From First Impressions. Pure cotton with matching booties. Adorable patterns for newborns and infants 0-24 mos. Reg. $7
Sorry, no phone orders accepted. Exclusive in Fedewood Dept. Stores. Selections vary by store. (1-411)(414)(41)562(1422)

Plaintiff's Exhibit 39



JA-200

Plaintiff's Exhibit 40



Plaintiff's Exhibit 46

Wal-Mart Style #	Samara Copyright	Portion of Style # Infring-ing	(From Ex. 35) Number of Units Sold	Purchase Price	Cost of Goods Sold (Col. 4 x Col. 5)	Total Sales (Ex. 35)	Gross Profits (Col. 7 - Col. 6)	Gross Profit on Infringe-ments (Col. 8 x Col. 3)
S961G453	VA 751-719	½	26,825	3.65	97,911.25	233,970.00	136,058.75	68,029.38
S961G458	VA 751-722	ALL	11,736	3.65	42,836.40	100,597.00	57,760.60	57,760.60
S961NG238	VA 751-720	ALL	23,110	3.65	84,351.50	197,242.00	112,890.50	112,890.50
S961NG239	VA 768-721	½	24,373	3.65	88,961.45	208,239.00	119,277.55	59,638.78
S961G457	VA 768-717	ALL	12,738	3.65	46,493.70	110,733.00	64,239.30	64,239.30

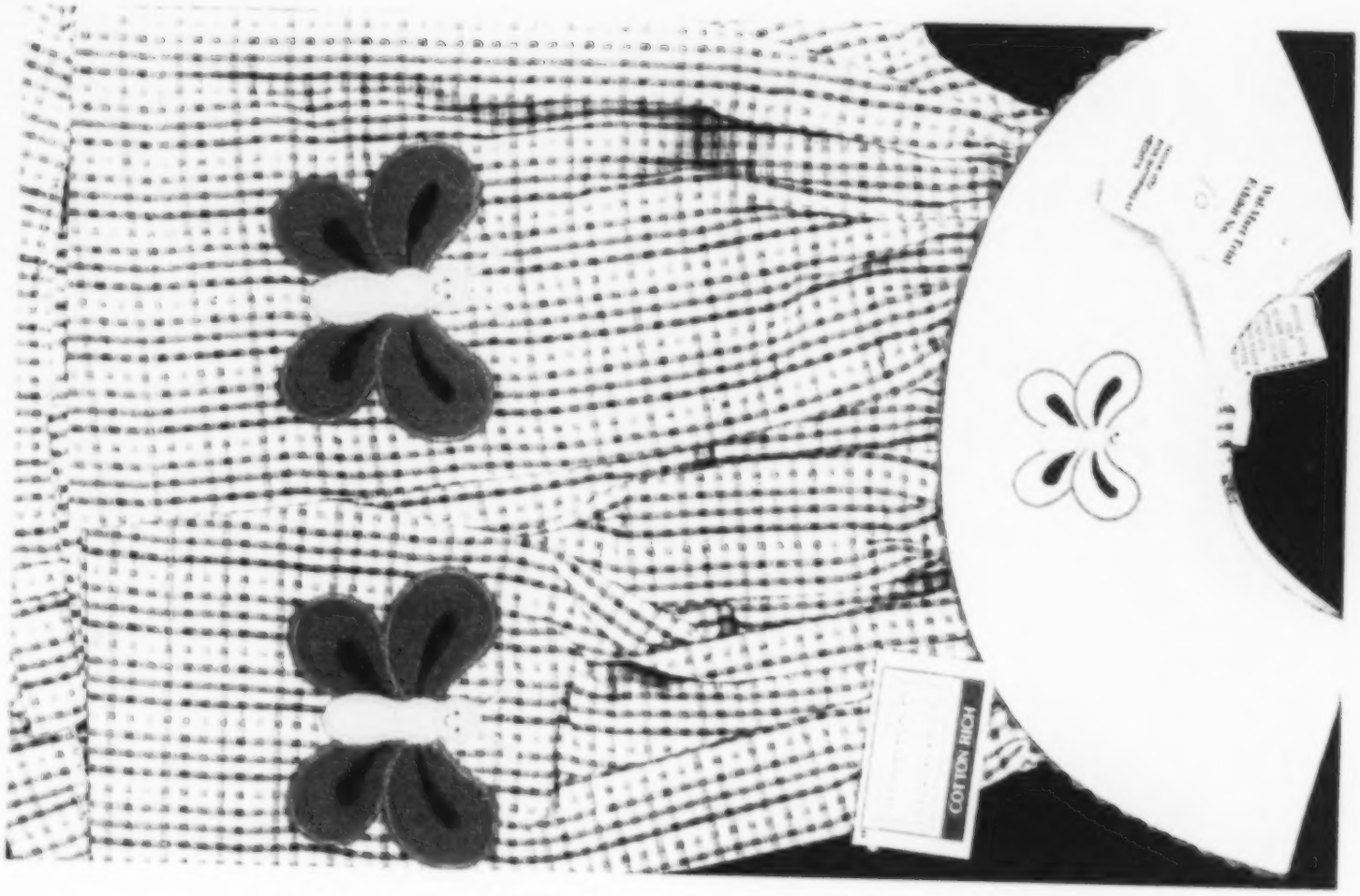
(continued on next page)

Wal-Mart Style #	Samara Copyright	Portion of Style # Infring-ing	(From Ex. 35) Number of Units Sold	Purchase Price	Cost of Goods Sold (Col. 4 x Col. 5)	Total Sales (Ex. 35)	Gross Profits (Col. 7 - Col. 6)	Gross Profit on Infringe-ments (Col. 8 x Col. 3)
S961NB600	VA 768-792 VA 769-793	ALL	25,212	3.65	92,023.80	210,169.00	118,145.20	118,145.20
S961B600	VA 768-793 VA 769-792	ALL	26,367	3.65	96,239.55	224,216.00	127,976.45	127,976.45
TOTAL SMALL STEPS GROSS PROFIT ON COPYRIGHT INFRINGEMENTS AS OF 7/13/96								**$608,680**

Wal-Mart Style #	Samara Copyright	Portion of Style # Infring-ing	(From Bates # 532-36) Number of Units Sold	Purchase Price	Cost of Goods Sold (Col. 4 x Col. 5)	Total Sales (From Bates # 532-36)	Gross Profits (Col. 7-Col.6	Gross Profit on Infringe-ments (Col. 8 x Col. 3)
690 B, 905 RB	VA 768-841	⅓	116,518	2.50	291,295	475,669	184,374	61,458.00
690A	VA 751-726	⅓	68,262	2.50	170,655	274,258	103,603	34,534.33
GROSS PROFIT ON COPYRIGHT INFRINGEMENT IN $3.88 PROGRAM								**$95,992.33**
TOTAL COPYRIGHT INFRINGEMENT GROSS PROFIT								**$912,856.77**

Wal-Mart Style #	Samara Copyright	Portion of Style # Infring-ing	(From Ex. 35) Number of Units Sold	Purchase Price	Cost of Goods Sold (Col. 4 x Col. 5)	Total Sales (Ex. 35)	Gross Profits (Col. 7 - Col. 6)	Gross Profit on Infringe-ments (Col. 8 x Col. 3)
S961G455		ALL	20,973	3.65	76,551.45	183,108	106,556.55	106,556,55
S961B621		½	27,823	3.65	101,553.95	238,821	137,267.05	68,633.53
S96NB601		½	26,894	3.65	98,63.10	228,700	130,536.90	65,268.45
GROSS PROFIT ON SMALL STEPS TRADE DRESS INFRINGEMENTS (NON ©)								**$240,458.53**
TOTAL GROSS PROFIT ON INFRINGING ITEMS								**$1,153,315.30**

Wal-Mart Trial Exhibit No. 10

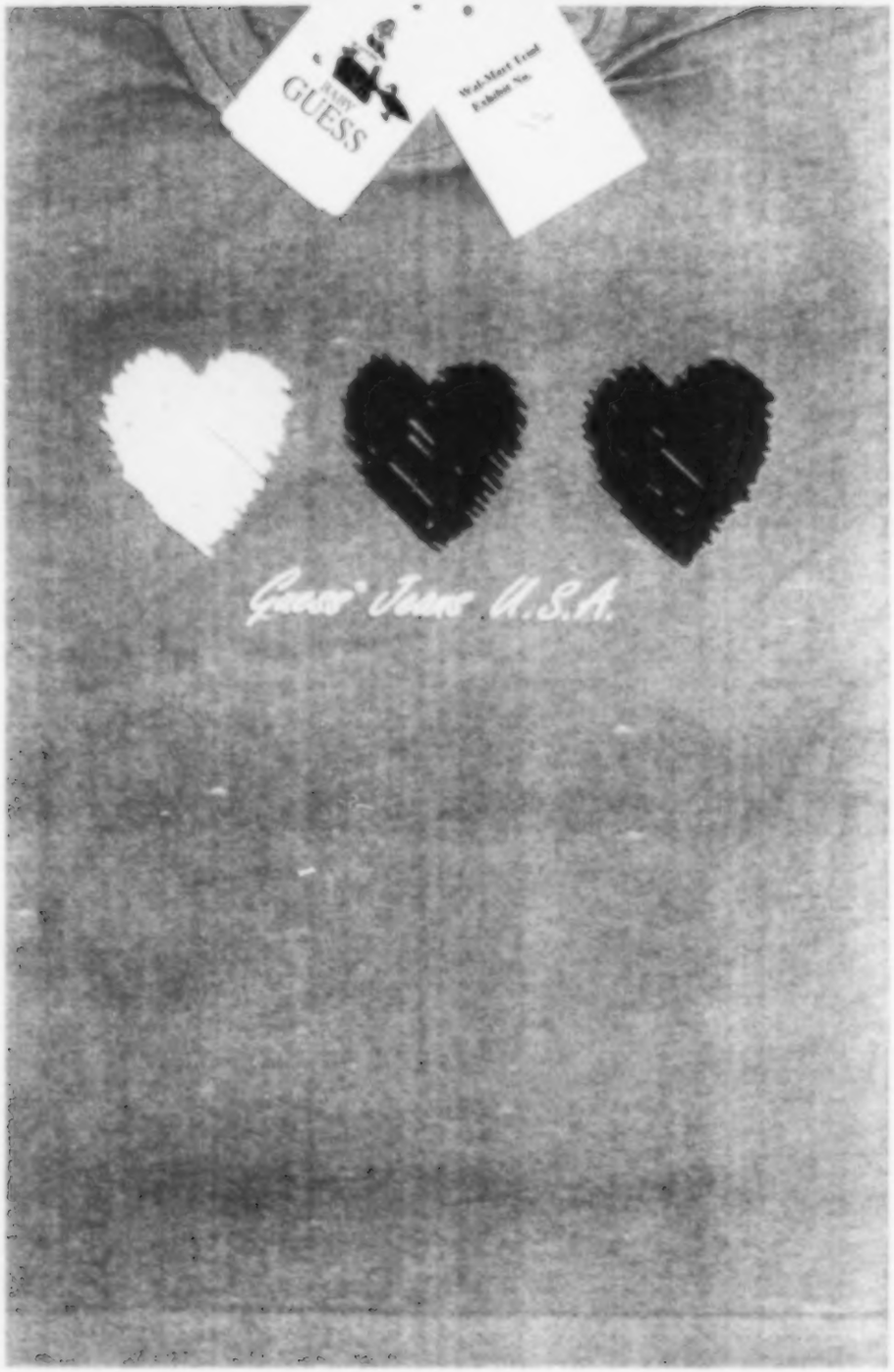


JA-206

Wal-Mart Trial Exhibit No. 11



Wal-Mart Trial Exhibit No. 12



Wal-Mart Trial Exhibit No. 13



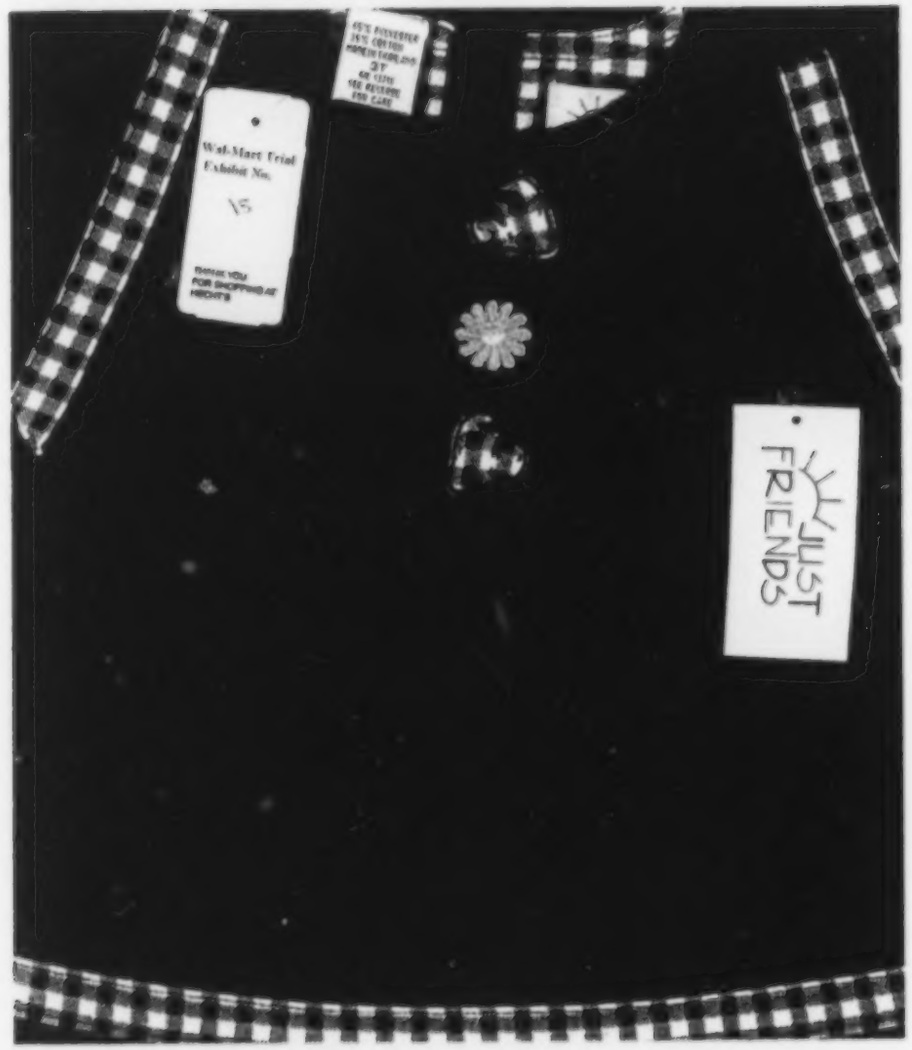
JA-209

Wal-Mart Trial Exhibit No. 14



JA-210

Wal-Mart Trial Exhibit No. 15



JA-211

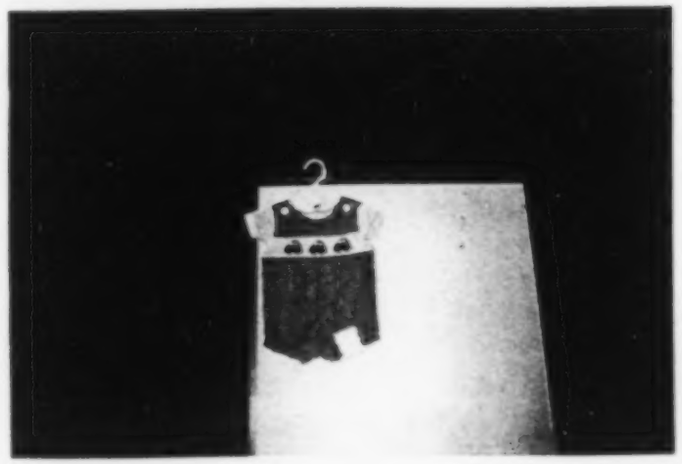
Wal-Mart Trial Exhibit No. 16



Defendant's Exhibit 27



PLAINTIFF'S EXHIBIT 1 9/10/96



PLAINTIFF'S EXHIBIT 2 9/10/96

DEFENDANT'S EXHIBIT 27



PLAINTIFF'S
EXHIBIT 3
9/10/96



PLAINTIFF'S
EXHIBIT 4
9/10/96



PLAINTIFF'S
EXHIBIT 5
9/10/96



PLAINTIFF'S
EXHIBIT 6
9/10/96



PLAINTIFF'S
EXHIBIT 7
9/10/96



PLAINTIFF'S
EXHIBIT 8
9/10/96



PLAINTIFF'S
EXHIBIT 9
9/10/16

JA-217

Wal-Mart Trial Exhibit No. 47

Biobottoms

FRESH AIR WEAR FOR KIDS SUMMER 1995



Wal-Mart Trial
Exhibit No.

47


BIGBOTTOMS BABIES & TODDLERS
Animal Cracker Tees
The four-legged world as seen by an award-winning artist Mom. Our 6-oz. 100% cotton jersey makes kids feel cuddled. Fade-proof and full-cut, with ridge-free, double-stitched neck. Machine wash, dry. U.S.A.
3499 Animal Cracker Tees $16.00
Sizes: 12 mo., 18 mo., 2T, 3T, 4T
Patterns: Dog, Cat, Rhino
Piggy Bank Basics from Just $16.
Dog
Red/Royal Plaid
Cat
Yellow Plaid
Rhino
Royal/Black Plaid
Little Plaid Shorts
Pint-sized and cool. Our 100% cotton is yarn-dyed to lock in colors and gets softer every wash. Full cut, Bermuda length slides neatly over diapers. Machine wash, dry. U.S.A.
3500 Little Shorts $16.00
Sizes: 12 mo., 18 mo., 2T, 3T, 4T
Colors: Red/Royal, Yellow, Royal/Black
Appliqued Shortall Sets
Fantastic value in 100% cotton. Color-loving, play-tough twill is brushed to downy softness. Reinforced seams, double-stitched hems. Buttons on straps and sides. Snaps at inseam in infant sizes for whirlwind dressing. 100% cotton jersey tee has button shoulders in infant sizes. Machine wash, dry. Imported.
3577 Appliqued Shortall Set $28.00
Sizes: 12 mo., 18 mo., 2T, 3T, 4T (L)
Patterns: Red Plane, Blue Train

Get Big Picture Sara's at Our Smallest Price. Just $19.50



Sara's Prints Short Johns for Girls
Ruffled at every edge and bowed at the neck. With a floaty top for summer comfort. Soft every inch in Sara's long staple 100% Egyptian cotton. Machine wash, dry. Imported.

Green Velvet

3528 Girls' Sara's Short Johns $19.50
Sizes: 4, 5, 6, 10, 12, 14
Patterns: Mini Floral, Flower Power, Splashy Flower Melon

Sara's Prints Short Johns
A big range of sizes lets you gather premium cottons for every child. Big picture tops and boxers keep things sleek, simple and cool. All are Sara's silky-soft, 100% long staple cotton. Machine wash, dry. For longer wear, we recommend ordering one size up. Imported.

Green Velvet

3555 Sara's Print Short Johns $19.50
Sizes: 2, 3, 4, 5, 6, 7, 8, 10, 12, 14 (S)
Patterns: Rally, Football, Dino, Western, Summertime, Fish


SLEEPTIME COMFY STUFF
Sara's Uncrossed Long Johns
Like slipping into cool smooth sheets, Sara's fine-knit cotton is so soft and soothing it helps kids doze years. Wonderful to cuddle in after a day of hard play. The long staple cotton is lightweight, baby-soft and famously sturdy. Finished for smoothness, inside and out. Machine wash, dry. For longer wear, we recommend ordering two sizes up. Imported.
3456 Little Kid Sara's Johns
Sizes: 4, 5, 6, 7 $28.00 (S)
3456 Big Kid Sara's Johns
Sizes: 8, 10, 12, $30.00 (S)
Sizes: 14, 16 $34.00 (S)
Patterns: Astros, Fish with Attitude, Dinos, Ballerinas, Sports Stamps, Lily Pad Prince, River Rafting, Football, Western, Rally, Baseball Cards, Sports
SARA'S PRINTS
Cotton Keeps Its Cool with Sara's.™



Razzle-Dazzle Tanks
Unabashedly embellished with stitching, gold and silla rhinestone sparkles. But they're serious about fit and durability in our 80% nylon, 20% Lycra blend. Hand wash, line dry. Unlined.
3380 Razzle-Dazzle Tanks $28.00
Sizes: 2T, 3T, 4T, 4, 5, 6, 6X
Patterns: Pink Fish, Turquoise Flowers



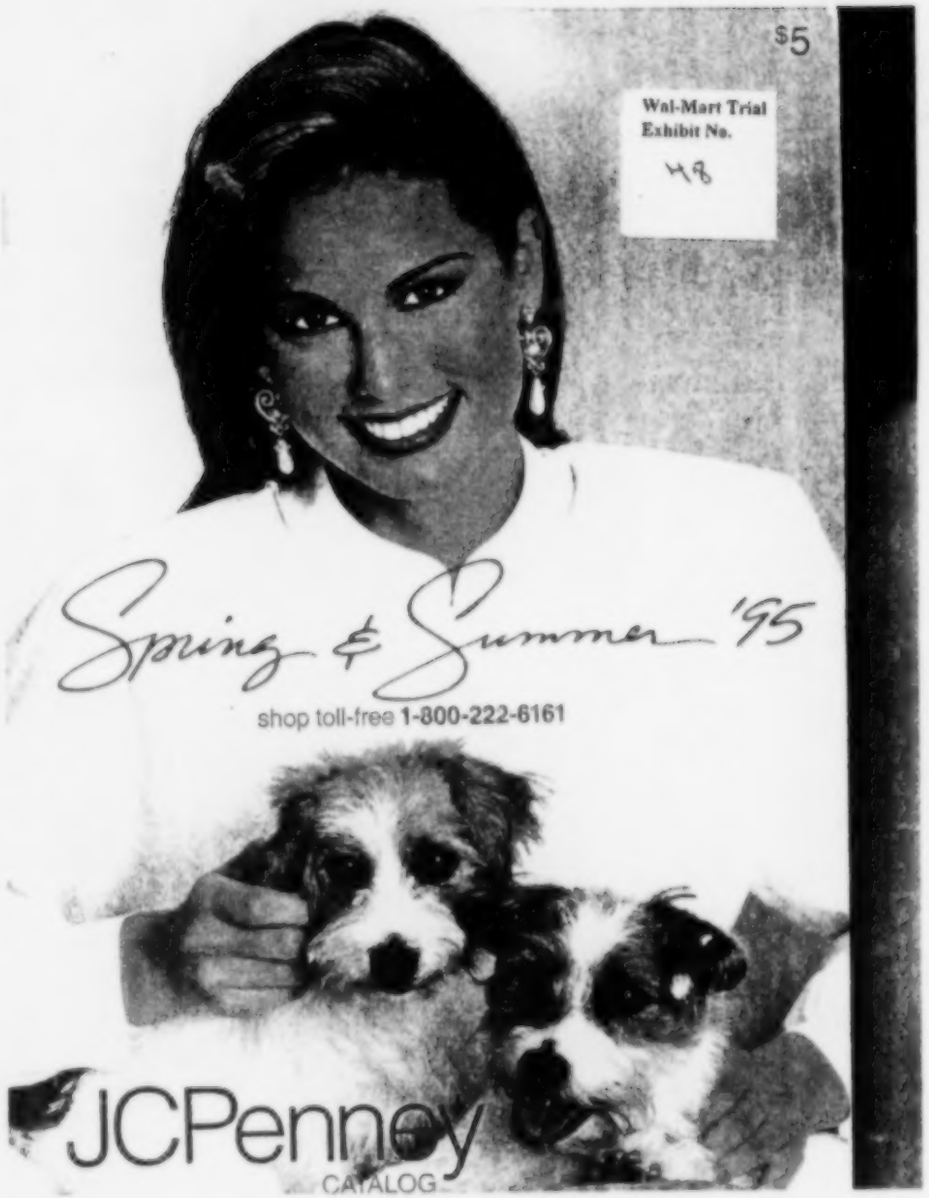
Speedo® Stars and Stripes Tanks
By the maker for the Olympics. Racer back frees girls for serious action. Lined front panel for long life. 85% nylon, 15% Lycra. U.S.A.
1617 Stars and Stripes Tanks
Limited Time!
Sizes: 4, 5, 6, 6X $23.00
Sizes: 7, 8, 10, 12, 14, 16 $25.00

Maidenform Waves Suits
The fast-drying, color-holding 64% nylon, 16% spandex can twist and wriggle with the silliest maneuvers. The contrast ruffles are perfect for a little girl's shape. Straps are made to stay put. U.S.A.
3575 Maidenform Waves Suits $28.00
Sizes: 2T, 3T, 4T, 5, 6, 6X, 7, 8
Patterns: Frost, Date


BIGBOTTOMS GIRLS
3383 Girls' 88 Print
Leggings $16.00
Sizes: 4/5, 6/6X, 7/8, 10/12, 14
3386 Adults' 88 Print
Leggings $20.00
Sizes: XS, S, M, L
3395 Matching Headbands $4.00
Patterns:
Natural Floral,
Hearts, Blue Dot,
Pink Dot,
Butterflies, Cats,
White Floral,
Black Floral
Look Ma Sleeves
Trapeze Tee 88
Cool and universally
becoming. The hooshed,
rib collar even works for
casual dress-up. Over 10 oz.
100% cotton jersey has the
substance for swinging
Cover stitched hems. Inset
Garments dyed, preshrunk
Machine wash, dry. U.S.A.
3394 Trapeze Tee $18.00
Sizes: 2/3, 4/5, 6/6X
7/8, 10/12, 14
Colors: Fuchsia, Hearts,
Royal, White, Yellow,
Red, Purple, Jade
n Town
CATS
WHITE FLORAL
BUTTERFLIES
Fun Feet
Many Shapes
Featuring two star-bed rows
Curving midsoles in contrast
to the long-lined sole and
sterling toe cap. 100%
rubber uppers. Fits true to
shoe sizes. U.S.A.
1808 Crayon Many
Sizes: 8 9 10 11
12 13 1 2 3
Colors: Pink, Navy, White

JA-223

Wal-Mart Trial Exhibit No. 48





newborn-12m

A One-piece cotton gingham shortalls with clip-on bow tie and socks. Appliqued polyester and cotton shirt and nylon socks. Gripper snaps. Back zipper. Made in U.S.A. of imported fabric. (0.70 lb.)
Infants: 0-3 months, 6-9 months, 12 months.
A 380-0516 B 28.00

B Cotton gingham dress with socks. Appliqued polyester and cotton collar and nylon socks. Back zipper. Made in U.S.A. of imported fabric. (0.70 lb.)
Infants: 0-3 months, 6-9 months, 12 months.
A 380-0694 B 32.00

C Alligen Ann® fluffy dress with button back closure. Polyester. Made in U.S.A. (0.70 lb.)
Infants: 0-3 months, 6-9 months.
A 380-0672 B 25.00

D One-piece vested knickers. Cotton front mock vest over polyester and cotton shirt. Zipper back. Polyester and rayon clip-on bow tie and knickers with gripper snaps. Made in U.S.A. (0.70 lb.)
Infants: 0-3 months, 6-9 months.
A 380-0680 B 28.00

E Coveralls with embroidered cardigan. Cotton chambray coveralls with elasticized top. Gripper snaps. Top and cardigan are polyester and cotton. Imported of domestic fabric. (0.50 lb.)
Infants: 0-3 months, 6-9 months.
A 380-0632 B ..... Set 24.00

F Dress and bloomers. Dress has button back closure. Bloomers have elastic waist and legs. Polyester and cotton. Made in U.S.A. (0.50 lb.)
Infants: 0-3 months, 6-9 months.
A 380-0640 B ..... Set 30.00

G Cotton bubble with nylon socks. Button back, gripper snaps. Imported of domestic fabric. (0.70 lb.)
Infants: 0-3 months, 6-9 months.
A 380-0687 B 18.00

H Honette® embroidered romper with booties. Button back and gripper shoes. Bloomer button closure. Polyester and cotton. Imported. (0.50 lb.)
Infants: 0-3 months, 6-9 months.
A 380-0665 B 21.00

J Adjustable buckle strap shoes. Leather with urethane top coat. Unit-molded rubber sole. Made in U.S.A. (0.40 lb.)
Infants: whole 2-7. Half sizes, order next larger whole size.
A 495-0721 D 16.00

K Delsin® musical caterpillar. Pull tail for 3 minutes of "Twinkle, Twinkle Little Star." About 11x7x4½" unstandard. Vinnel plush with polyester fill. Washable surface. Toy is imported from Thailand with Japanese musical part. Ages 0 and up. (0.50 lb.)
A 339-0368 A 25.00

All apparel items on this page are machine wash, tumble dry.



L&M Little Arizona cotton chambray coveralls. Button fronts with appliqué and pockets. Gripper snap legs. Imported. (0.55 lb.)
Infants: 0-3 months, 6-9 months.

L Knit collar coveralls with front elastic insets.
A 389-0498 B 18.00

M Coveralls.
A 389-0488 B 18.00

N Okie-Dokie overall set with pullover top. Overalls have adjustable button closure, side buttons, pockets and gripper snap legs. Cotton, imported. (0.70 lb.)
Infants: 0-3 months, 6-9 months.
A 389-0482 B ..... Set 18.00

O Okie-Dokie striped overall set with ruffle front knit top. Overalls have adjustable button straps, side buttons, pockets and gripper snap legs. Cotton, imported. (0.70 lb.)
Infants: 0-3 months, 6-9 months.
A 389-0474 B ..... Set 18.00

P Little Me® hooded creeper with appliqué. Button front and gripper snap legs. Cotton, imported of domestic fabric. (0.30 lb.)
Infants: 0-3 months, 6-9 months.
A 389-0468 B 21.00

Q Little Me floral creeper with attached front top and embroidered chambray vest. Back snap closure. Elasticized leg openings with gripper snaps. Cotton, imported of domestic fabric. (0.60 lb.)
Infants: 0-3 months, 6-9 months.
A 389-0588 B 24.00

R Cotton twill diaper bag with screened peach and large back pocket. Straps snap once smaller. Zipper top closes. Fully lined vinyl interior with four elastic bottle holders, separate changing pad and storage pouch for wet items. About 21x13x8". Wipe clean with wet cloth. Imported. (2.20 lbs.)
A 342-2314 A 26.00

S Nike® "Baby Swoosh" crib shoe. Fly-cast leather upper with adjustable VELCRO® Brand self-adhesive closure. Cotton lining. Synthetic rubber-blend sole. Imported from Thailand. (0.70 lb.) Color: 79 white.
Infants: whole 1-4, half sizes, order next larger whole size.
A 498-2388 O 30.00

All apparel items on this page are machine wash, tumble dry.

newborn-9m


A
C
B
D
E



A Michael Jordan® Stars suit. Clip-on tank top, short sleeve shirt, jacket, shorts with button suspenders, and nylon socks. Blue jacket has patch, white jacket + piping. Shorts have basketball mesh. Polyester and cotton shirts and plaid shorts. Jackets and solid shorts are polyester and rayon. Made in U.S.A. (0.75 lb.)
Toddlers: 2T, 3T, 4T.
A 350-0779 O ..... Set 38.00

B Hush Puppies® pigskin oxford. Urethane with synthetic lining. Flexible compression rubber sole sole. Imported from China. (1 lb.)
Infants/Toddlers: whole, half 5-6.
A 450-0088 O 20.00

C Package of 6 pairs of knee socks, in white nylon. Made in U.S.A. (0.40 lb.)
Infants/Toddlers: Infants shoe size 4-7), L(7-11) s. Sizes M or L.
A 344-0377 O ..... 6 pairs in Pkg. 9.00

D Allison Anne® floral dress with hat, infant sizes come with bonnet, toddler with sister hat. Button back. Cotton dress with polyester and cotton collar. Made in U.S.A., straw hat is imported. (1 lb.) Color: 88 pink.
Infants/Toddlers: 0-6 mos., 12 mos., 18 mos., 2T, 3T, 4T
A 349-0863 O 22.00

E Vaudini® toddlers 4-piece set. Sweatsuit includes ; nylon adjustable elastic clip-on suspenders and back elastic waist. Detachable tie. Polyester and cotton. Made in U.S.A. (0.70 lb.) Color: 88 blue stripe.
Infants/Toddlers: 12 mos., 18 mos., 2T, 3T, 4T.
A 325-0792 O ..... Set 28.00

F Plush 22" bunny. Save when you purchase with any $20 or more apparel item from our Children's pages 510-597. Acrylic plush with polyester fill. Surface washable. Imported. Ages 3 years and up. (4 lbs.)
A 369-0491 A ..... If purchased separately, 25.00
When purchased with $20 item, 12.50

G Jo Lena® dress with bloomers. Button back dress. Elasticized waist bloomers. Polyester and cotton. Made in U.S.A. (1.39 lbs.) Color: 88 pink print.
Infants/Toddlers: 12 mos., 18 mos., 2T, 3T, 4T.
A 348-0948 O ..... Set 26.00

H Michael James suspender short set. Appliqué at shirt placket and on nylon socks. Shorts have self-fabric button suspenders and elasticized backwaist. Polyester and cotton. Made in U.S.A. (0.70 lb.) Color: 55 black.
Infants/Toddlers: 12 mos., 18 mos., 2T, 3T, 4T.
A 305-0798 O ..... Set 22.00

J Allison Ann lace dress with rosette trim and empire waist. Button back. Polyester lace with polyester taffeta lining. Made in U.S.A. (1.00 lb.) Color: 13 ecru.
Toddlers: 2T, 3T, 4T.
A 348-0870 O 30.00

All apparel items on this page are machine wash, tumble dry.

6m-4t

K *Jo-Lena® dress.* Gutter-stitch. Polyester and rayon. Made in U.S.A. (1 lb.) Color: 31 pink.
Infants/Toddlers: 6-9 mos., 12 mos., 18 mos., 2T, 3T, 4T.
A 348-0966 O 28.00

L *Allison Ann® crinoline dress.* Sheer dropped polyester and nylon collar can tie bad in back. Princess seams and front dip smocking. Sash bodice. Cotton. Made in U.S.A. (1 lb.) Color: 09 floral.
Toddlers: 2T, 3T, 4T.
A 348-0969 O 30.00

M *Michael James® vested sheath set.* Clip-on cotton bow tie. Solid back vest with elastic insert. Elastic waistband in elastic. Polyester and cotton shirt. Polyester and rayon vest and shorts. Acetate-rear back and lining. Made in U.S.A. (0.70 lb.)
Toddlers: 2T, 3T, 4T.
A 388-0794 S ..... Set 36.00

N *Jo Lena* print fluffy dress with lace and bow trim. Cotton. Made in U.S.A. (1 lb.) Color: 09 print.
Infants/Toddlers: 6-9 mos., 12 mos., 18 mos., 2T, 3T, 4T.
A 348-0968 O 28.00

O Package of 4 pairs of tots socks. Includes: one pair in white, and one each of pink and lilac. Stretch nylon. Made in U.S.A. (0.20 lb.)
Infants/Toddlers: Fits shoe sizes 5-8), L(6-7). Sizes M or L.
A 344-0898 B ..... 4 pairs in Pkg. 9.99

P *Allison Ann chiffon dress* with bow trim. White cross hair lace bodice. Wire hems and tiered lace overskirt. Polyester with polyester lining/linings. Dry clean. Made in U.S.A. (1 lb.)
Toddlers: 2T, 3T, 4T.
A 348-0970 O 30.00

Q Four-piece linen suit. Double-breasted jacket with acetate lining. Pleated pants with elasticized backwaist. Jacket and pants are polyester and rayon, dry clean. Polyester and cotton, short sleeve shirt is machine wash, tumble dry. Polyester clip-on tie. Made in U.S.A. (0.60 lb.) Color: 02 natural.
Toddlers: 2T, 3T, 4T.
A 388-0960 O ..... Set 48.00

R *Allison Ann shoe* with elastic-covered self-adhesive strap for a comfortable fit. Urethane upper with cushioned insole. Composition rubber unit sole. Imported from China. (0.70 lb.)
Infants/Toddlers: whole, half 5-10.
A 406-0127 O 15.00

S Package of 6 pairs of tights from Allison Ann, includes one each: white heart lace, pink heart lace, white rochelle lace, pink, ecru and white. Nylon, hand wash, line dry. Made in U.S.A. (0.20 lb.) Package: 01 assortment.
Infants/Toddlers: 0(0-6 mos.), M(9-18 mos.), L(1-3T). Sizes S, M or L.
A 344-0878 O ..... 6 pairs in Pkg. 11.00

All apparel items on this page, unless otherwise stated, are machine wash, tumble dry.

No room o ffer! See pages 644, 645.





12m-4t
infants, toddlers

A Swing top and short set. Screen-printed top with button front. Shorts have elasticized waist and legs. Polyester and cotton knit. Made in U.S.A. (1.20 lbs.)
Color: 17 yellow.
Infants/Toddlers: 12 mos., 18 mos., 2T, 3T, 4T.
A 349-1238 O ..... Set 15.00

B Jordache® cotton chambray coveralls with eyelet trim, button front and gripper snap legs. Imported. (1.20 lbs.)
Color: 35 blue.
Infants: 12 mos., 18 mos., 24 mos.
A 349-1347 O 18.00

C Package of 2 creepers from Otto-Dolce®. Snap closure. Legs are elasticized with gripper snaps. Cotton and polyester. Imported. (0.70 lb.)
To order, state: 99 Package A.
Infants: 12 mos., 18 mos., 24 mos.
A 349-1073 O ..... 2 in Pkg. 15.00

D Otto-Dolce pant set with headband. Pullover top with sailor collar. Elasticized waist pants. Cotton and polyester. Imported. (1.70 lbs.)
Infants: 12 mos., 18 mos., 24 mos.
A 349-1099 9 ..... Set 12.00

E Hannette® appliqued bubble with hat. Button back, gripper snap legs. Polyester and cotton. Imported. (1.20 lbs.)
Color: 76 white print.
Infants/Toddlers: 12 mos., 18 mos., 24 mos., 2T, 3T, 4T.
A 349-1339 O 22.00

F Package of 2 short sets from Otto-Dolce. Screen-printed tops. Shorts have elasticized waists. Cotton and polyester. Imported. (1.70 lbs.)
To order, state: 99 Package A.
Infants: 12 mos., 18 mos., 24 mos.
A 349-1081 O ..... 2 in Pkg. 14.00

G Toddletime® leather oxfords with pebbled collar. Cushioned insole with arch support. Flexible vinyl rubber sole. Imported from China. (1 lb.)
Infants/Toddlers: whole, half 4-7
A 486-0805 O 19.99

All apparel items on this page are machine wash, tumble dry.



H Ollie-Ostrich® legging set. Pull-on top. Elasticized waist leggings. Polyester and cotton. Made in U.S.A. (0.70 lb.)
Infants/Toddlers: 12 mos., 18 mos., 2T, 3T, 4T.
A 349-1399 B ..... Set 15.00

J Chambray short set. Screen printed top. Elasticized waist and legs in shorts. Polyester and cotton top. Sleeves, ruffle and shorts are cotton. Made in U.S.A. (0.50 lb.)
Infants/Toddlers: 12 mos., 18 mos., 2T, 3T, 4T.
A 349-1479 B ..... Set 15.00

K Short set with matching backpack. Polyester and cotton T-shirt with screen print. Cotton shorts have elasticized waist. Backpack is cotton and has drawstring top. Appliqué area about 12x8½" imported of assorted fabrics. (0.75 lb.)
Color: 35 blue.
Toddlers: 2T, 3T, 4T.
A 349-1439 B ..... Set 15.00

L Appliquéd bodysuit and short set. Bodysuit with snap bottom. Shorts have elasticized waist and legs. Polyester and cotton. Made in U.S.A. (0.70 lb.)
Infants/Toddlers: 12 mos., 18 mos., 2T, 3T, 4T.
A 349-1388 B ..... Set 20.00

M Allison Anne® fleece-constructed bodysuit with sequin collar. Button back with cash. Gripper snap legs. Cotton and polyester. Imported. (0.70 lb.)
To order, state: 99 Package A.
Infants/Toddlers: 12 mos., 18 mos., 24 mos., 2T, 4T.
A 349-1481 D 22.00

N Package of 2 Ollie-Dollie short sets. Screen-printed tops. Shorts have elasticized waists. Polyester and cotton. Made in U.S.A. (1.70 lbs.)
To order, state: 99 Package A.
Toddlers: 2T, 3T, 4T.
A 349-1404 D ..... 2 in Pkg. 16.00

O Package of 12 pairs of Teddietime® socks in assorted colors, some with appliqués. Cotton and nylon. Made in U.S.A. (0.20 lb.)
Infants/Toddlers: Sofflo shoe sizes 1-4, 5(4-7), 6(7-11½). Size S, M or L.
A 344-3888 B ..... 12 pairs in Pkg. 12.00

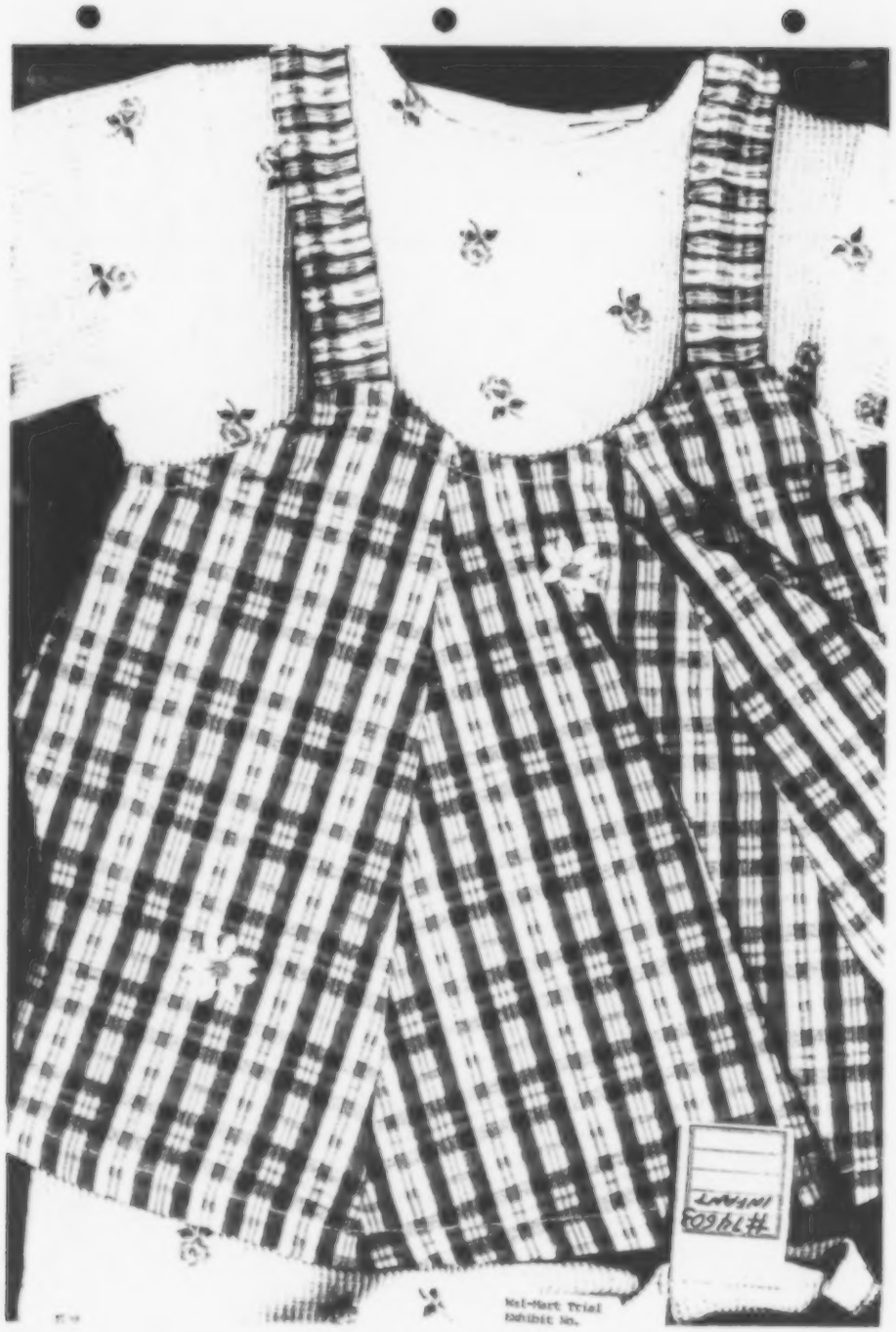
P Ollie-Dollie cotton canvas oxford in solid colors or white with embroidered trim. Cushioned insole and arch support. Rubber sole and toe guard. Imported from China. (0.75 lb.)
Infants/Toddlers: whole, half 5-9.
A 682-6807 O—Solids
A 710-0191 O—Embroidered 8.99

All apparel items on this page are machine wash, tumble dry.

Be sure it fits! See pages 544, 548.

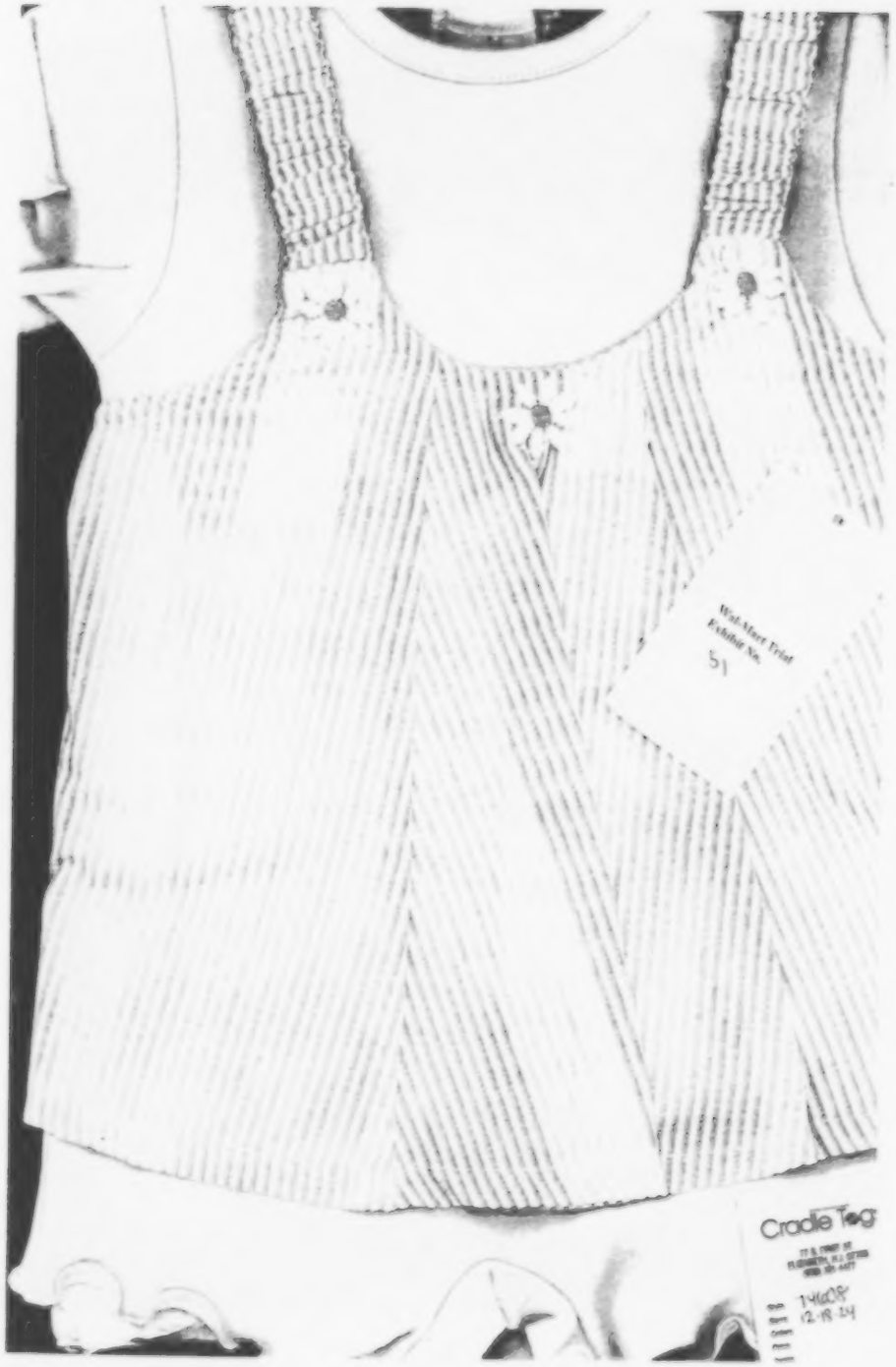
JA-231

Wal-Mart Trial Exhibit No. 50



JA-232

Wal-Mart Trial Exhibit No. 51



JA-233

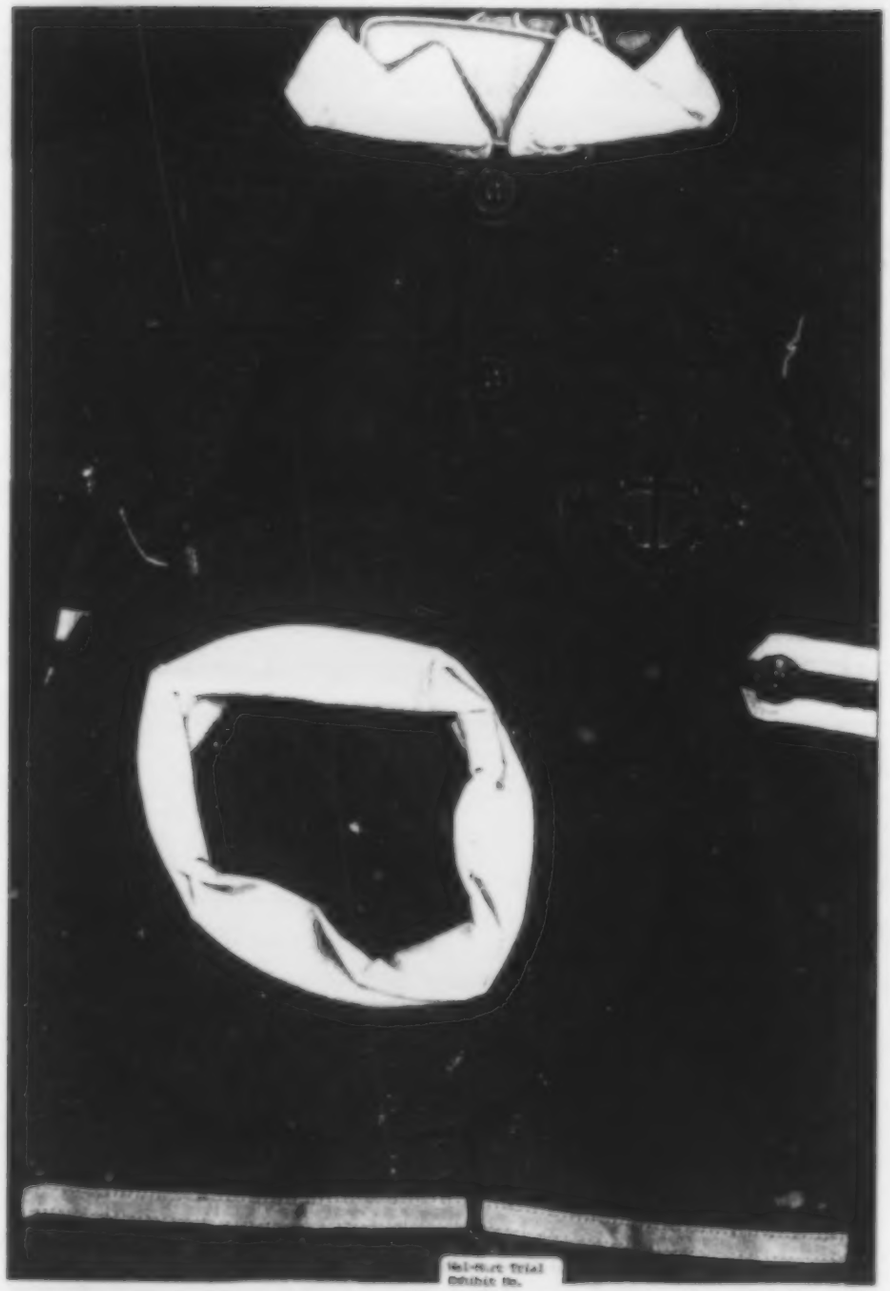
Wal-Mart Trial Exhibit No. 52



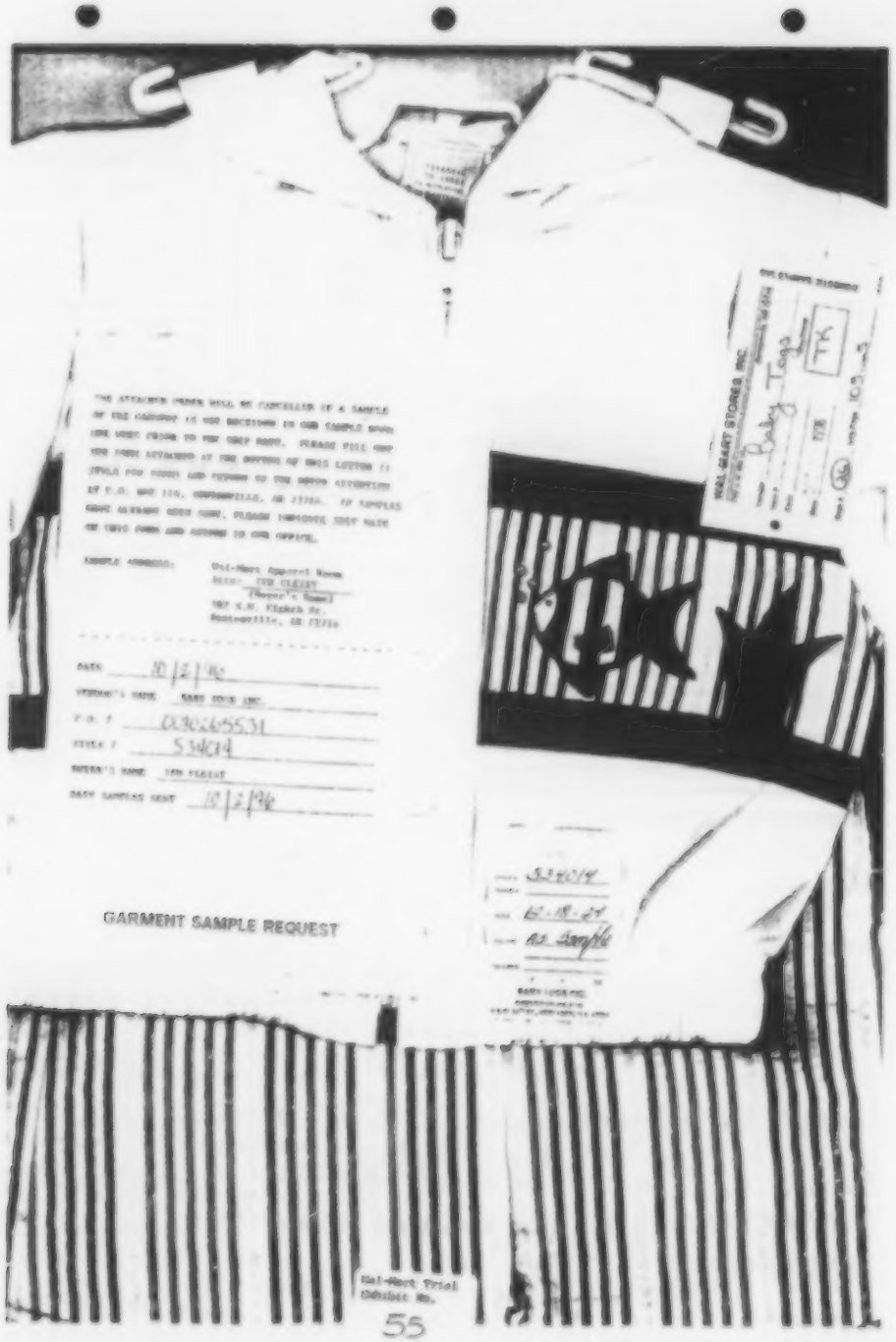
Wal-Mart Trial Exhibit No. 53



Wal-Mart Trial Exhibit No. 54



Wal-Mart Trial Exhibit No. 55



Wal-Mart Trial Exhibit No. 56



THE ATTACHED ORDER WILL BE CANCELLED IF A SAMPLE OF THE GARMENT IS NOT RECEIVED IN OUR SAMPLE ROOM ONE WEEK PRIOR TO THE SHIP DATE. PLEASE FILL OUT THE FORM ATTACHED AT THE BOTTOM OF THIS LETTER (1 STYLE PER FORM) AND RETURN TO THE BUYER ATTENTION AT P.O. BOX 116, BENTONVILLE, AR 72716. IF SAMPLES HAVE ALREADY BEEN SENT, PLEASE INDICATE SHIP DATE ON THIS FORM AND RETURN TO OUR OFFICE.

SAMPLE ADDRESS: Wal-Mart Apparel Room
Attn: TED VLEEST
(Buyer's Name)
702 S.W. Eighth St.
Bentonville, AR 72716

DATE 10/2/96

VENDOR'S NAME BABY TOGS INC.

P.O. # 0010268645

STYLE # 422563

BUYER'S NAME TED VLEEST

DATE SAMPLES SENT 10/2/96

GARMENT SAMPLE REQUEST

Wal-Mart Trial Exhibit No. 56

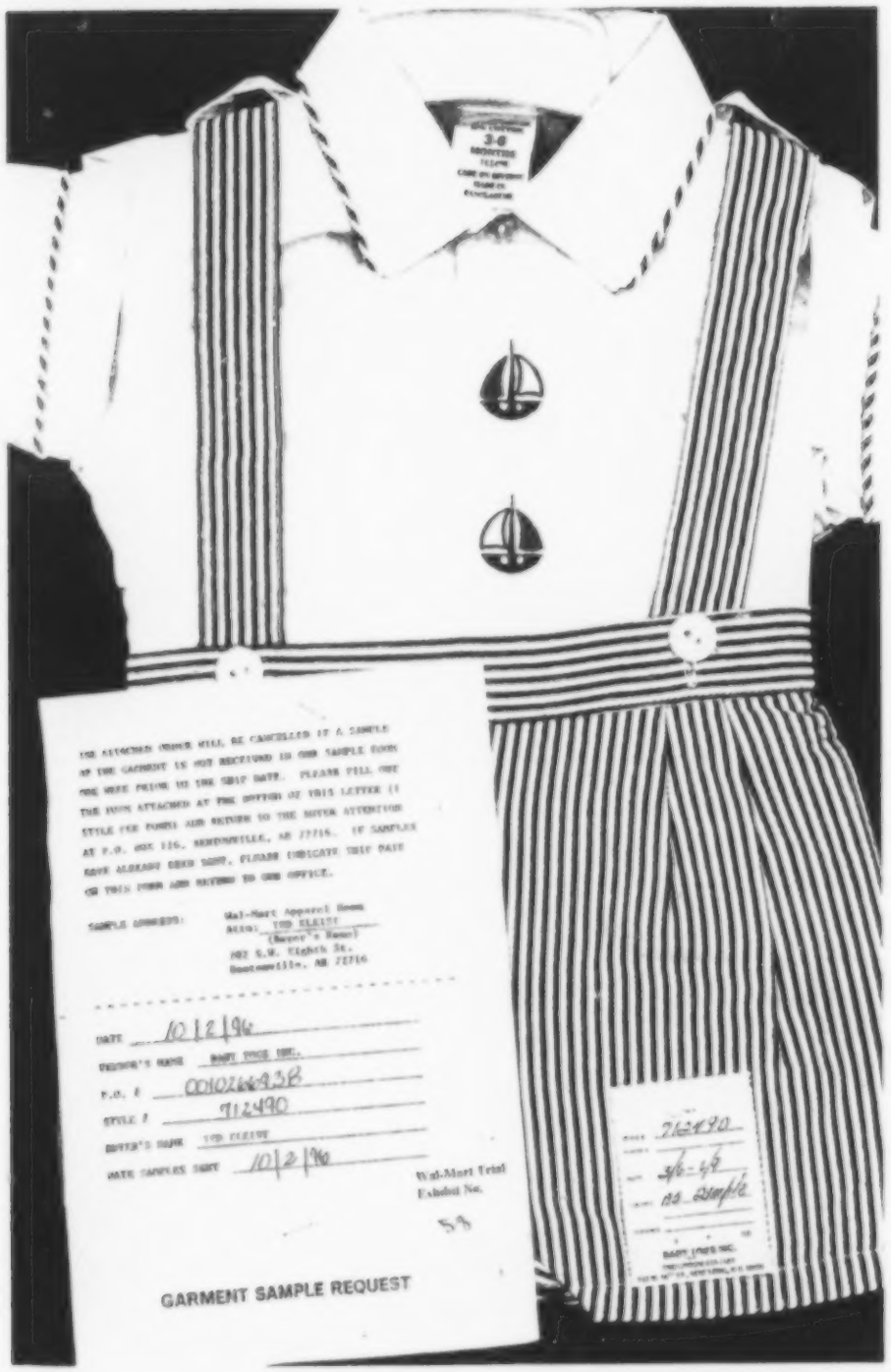
422563
12-18-24
1pc Sample

JA-238

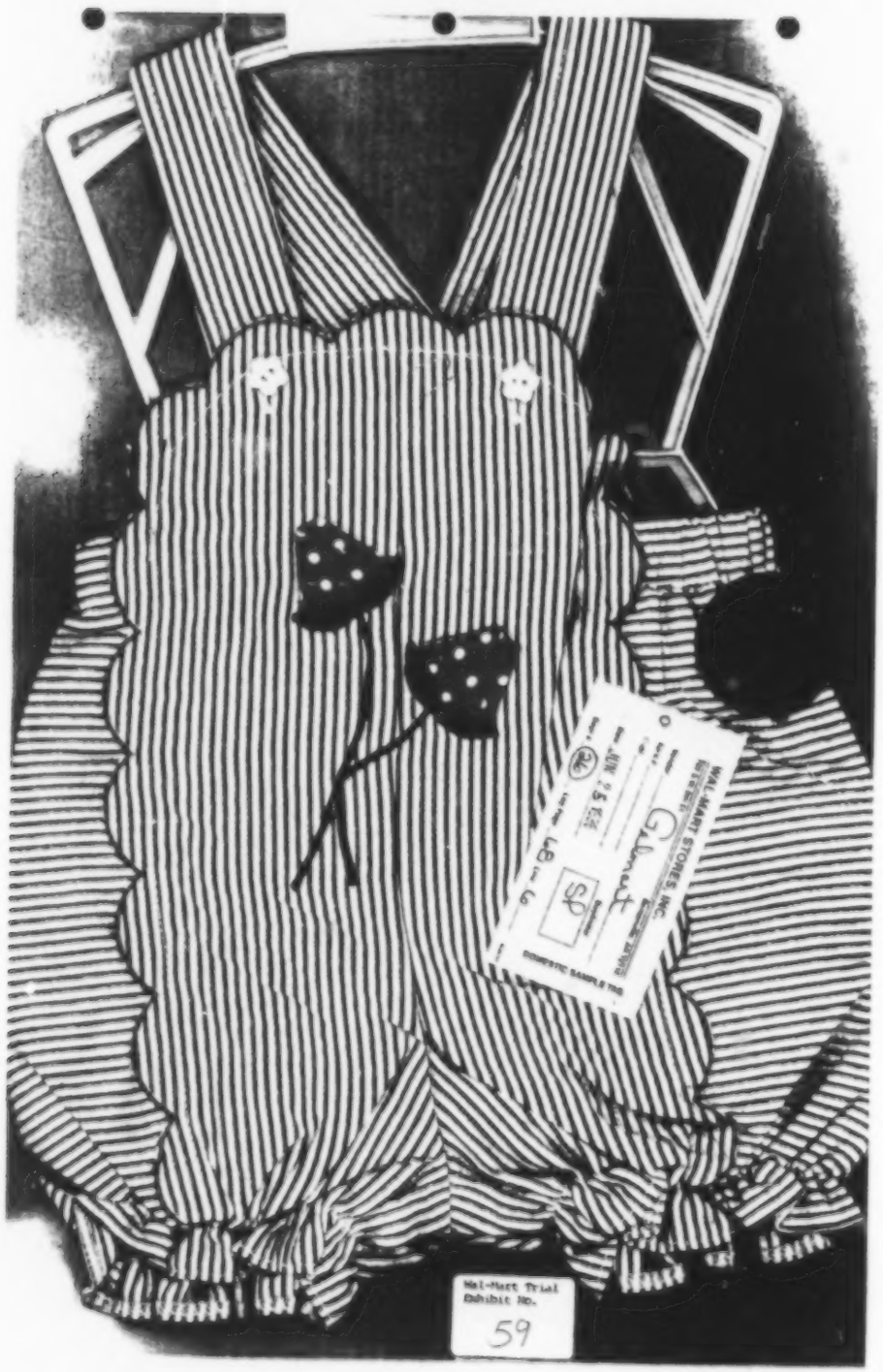
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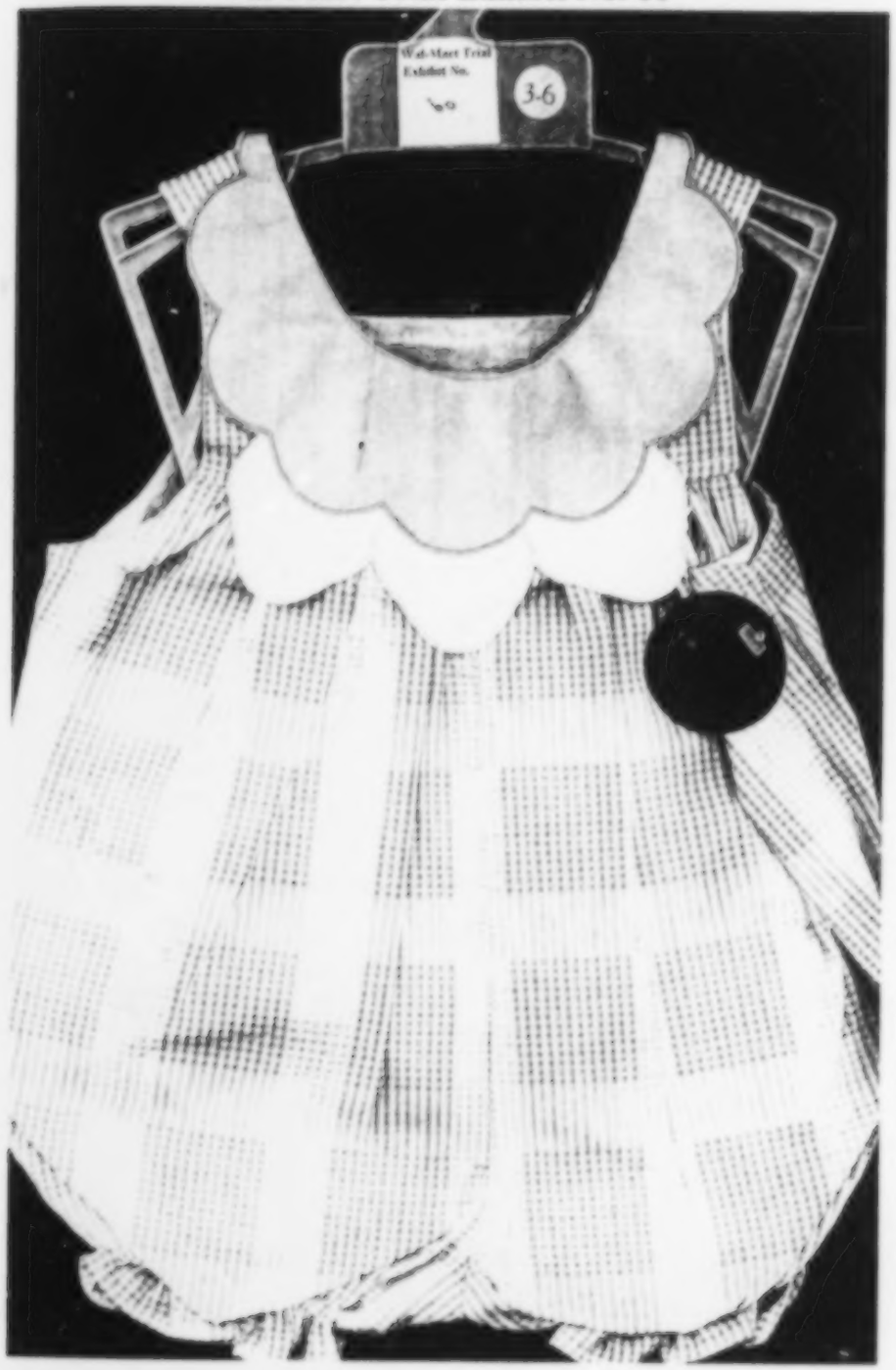
Wal-Mart Trial Exhibit No. 58



Wal-Mart Trial Exhibit No. 59

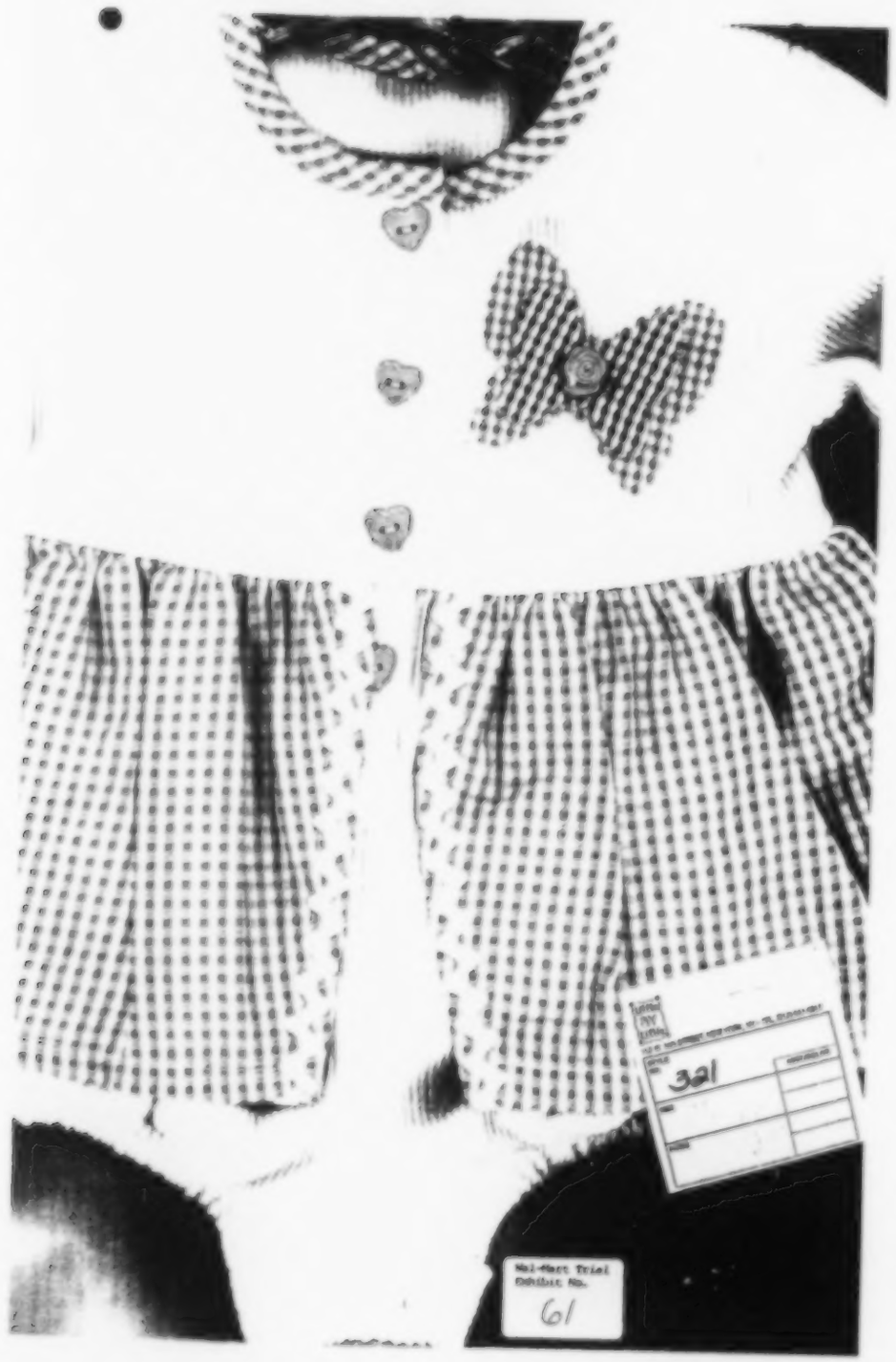


Wal-Mart Trial Exhibit No. 60

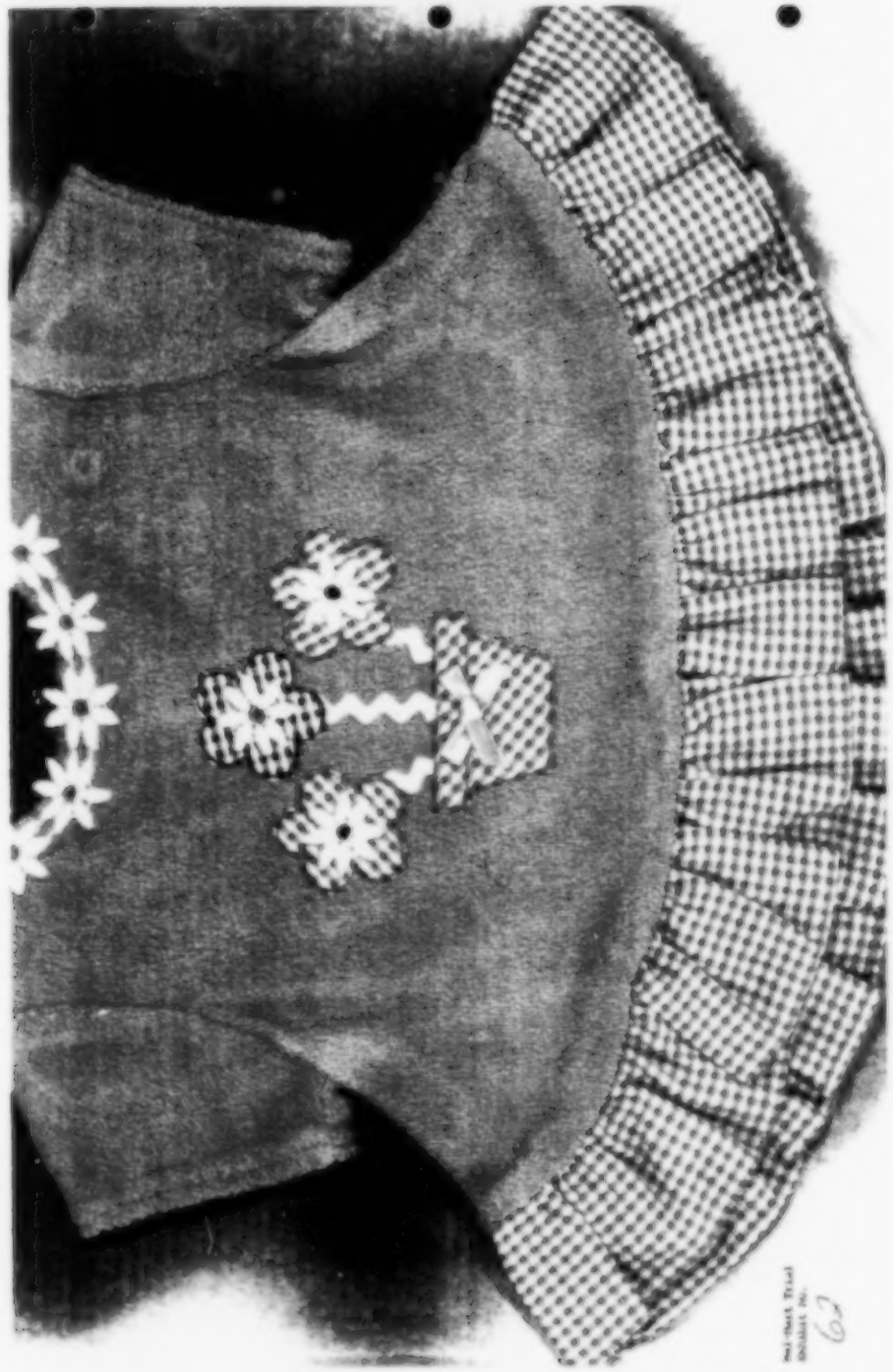


JA-242

Wal-Mart Trial Exhibit No. 61



Wal-Mart Trial Exhibit No. 62



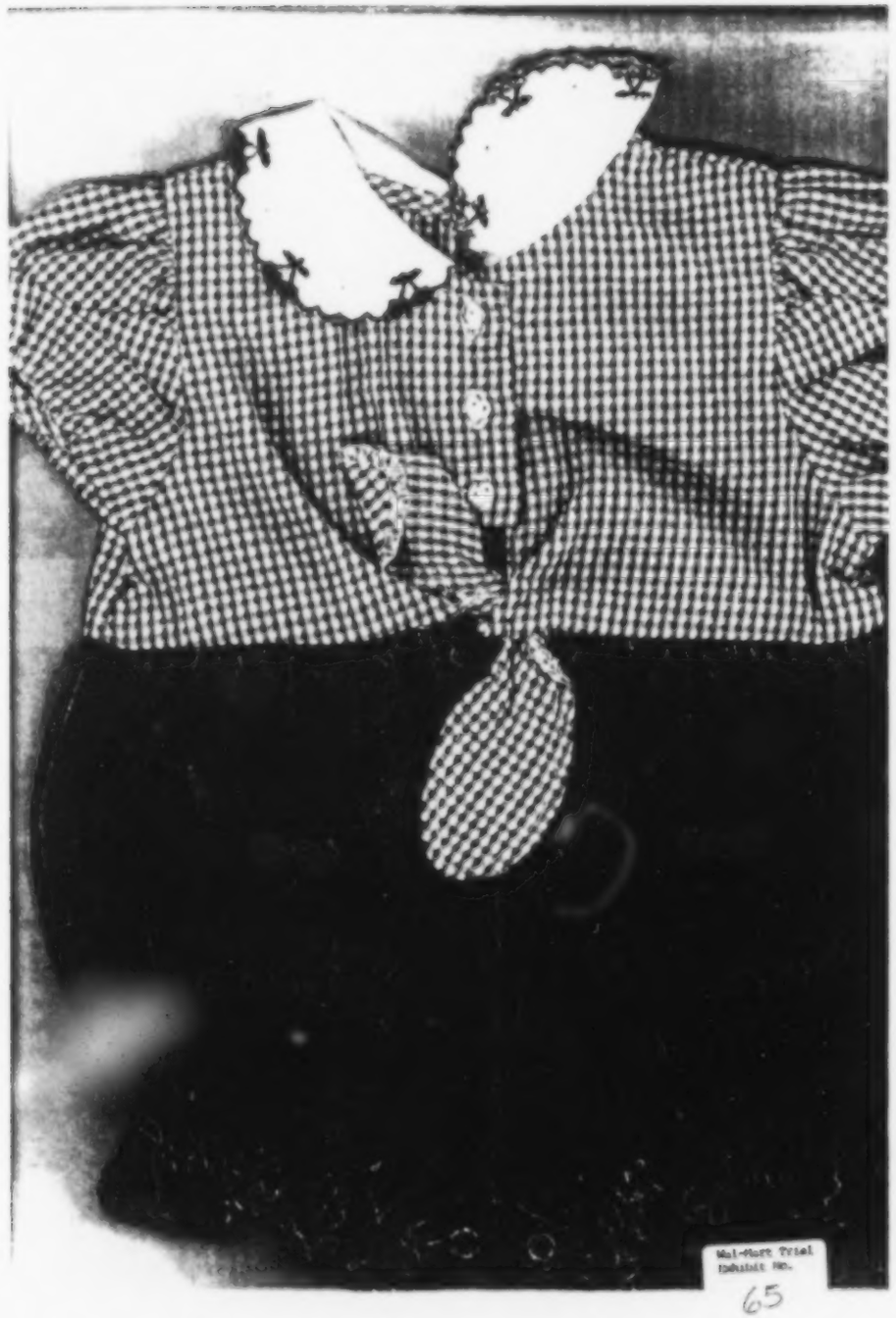
Wal-Mart Trial Exhibit No. 63



Wal-Mart Trial Exhibit No. 64



Wal-Mart Trial Exhibit No. 65



Wal-Mart Trial Exhibit No. 66



JA-248

Wal-Mart Trial Exhibit No. 67



Wal-Mart Trial Exhibit No. 68



Wal-Mart Trial Exhibit No. 69



JA-251

Wal-Mart Trial Exhibit No. 70



Wal-Mart Trial Exhibit No. 71



Wal-Mart Trial Exhibit No. 72



Wal-Mart Trial Exhibit No. 73



JA-255

Wal-Mart Trial Exhibit No. 88

1

9008

SIZE

Wal-Mart Trial Exhibit No. 88

Simplicity

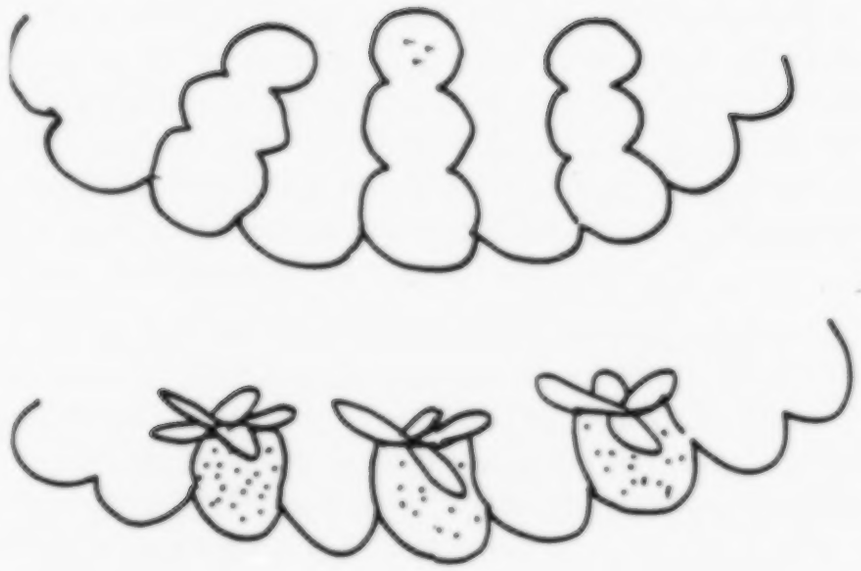
Design your own

romper and dress / barboteuse et robe



JA-256

Wal-Mart Trial Exhibit No. 102



JURY CHARGE NO. 11 PROPOSED BY DEFENDANT, WAL-MART STORES, INC.

11. Descriptive Terms – Secondary Meaning

In this case, Samara Brothers, Inc. claims that by April 14, 1996, it had established the overall appearance of its seersucker children's garments as a trade dress. To this claim, the defendant, Wal-Mart, contends that there is nothing inherently distinctive about the appearance of plaintiff's seersucker children's clothing. This, then is the first question for you to answer. Is the appearance of plaintiff's seersucker children's clothing inherently distinctive? It will help you to answer this question if you consider whether the overall appearance of plaintiff's products serve the purpose of identifying the source of the goods as Samara and distinguishing them from the goods of other manufacturers of children's clothing.

If you find that the goods are not inherently distinctive, then you will next consider whether the evidence shows that plaintiff has so used the appearance of its seersucker children's clothing as to develop a secondary meaning such as to identify Samara Brothers, Inc. to a significant number of the consuming public as the source of these garments.

The overall appearance of plaintiff's seersucker children's garments can become protectible trade dress if such a secondary meaning has been developed for it by usage in the marketplace. A significant number of the consuming public must have associated the appearance of this clothing with the plaintiff before April 14, 1996, the date upon which the defendant first sold its merchandise. It is for you to decide how many constitute a significant number.

The fundamental question for you to answer, however, is whether the *primary* significance of the appearance of plaintiff's seersucker children's clothing in the minds of the

consuming public is not the product but the producer. You are also entitled to take into consideration the relevance of plaintiff's trademark, "SAMARA" on the labelling placed on its clothing in consumers' ability to distinguish plaintiff's products from those of other manufacturers. If the label, and not the overall appearance of the product, provides consumers with the impression that it is a Samara product, then plaintiff has not proved that it has protectible trade dress.

Authorities: *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996, 1006-09 (2d Cir. 1995); *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 24 U.S.P.Q.2d 1161, 1165-66, 1171 (2d Cir. 1992); *Union Manufacturing, Inc. v. Ham Baek Trading Co., Ltd.*, 763 F.2d 42, 47-48 (2d Cir. 1985); *Krueger Intern, Inc. v. Nightingale, Inc.*, 915 F. Supp. 595, 604 (S.D.N.Y. 1966).

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96-Civ. 5032 (DC)

SAMARA BROTHERS, INC.,
Plaintiff,

– against –

WAL-MART STORES, INC.,
Defendant.

JURY CHARGE
January 9, 1997

DENNY CHIN
United States District Judge

* * * *

B. ***Trade Dress***

The second claim you are to consider is one for trade dress infringement.

1. ***Definition of Trade Dress***

Trade dress is an expansive concept that includes the overall appearance of a product, including its size, shape, color, texture, graphics, labels, packaging, or other visual features. These elements combine to create the total visual image by which the product is offered to customers as a symbol of the product's origin. In other words, trade dress is the total image or overall impression of a product.

The trade dress of a commercial product has two fundamental purposes. One objective is to protect the property

rights of a trade dress owner by maintaining control over a product's reputation and goodwill. In this regard, trade dress acts as an authentic seal that vouches for the origin and quality of a particular product.

But a selected trade dress has another important purpose. It also protects consumers from being misled as to the nature and source of the products they buy. Consumers are entitled to know what they are buying and, in connection with brand name products, they are entitled to expect the same product from the same source even if they cannot identify the business or company that makes or sponsors the product.

Protectable trade dress rights are the exclusive property of the trade dress owner. On this basis, no other company can use a trade dress that is likely to cause confusion, mistake, or deception as to the source of commercial goods. In other words, a trade dress owner has the right to stop a competitor from using a trade dress that is confusingly similar to the owner's protectable trade dress.

When packaging a competitive product, a second comer in the market has an affirmative obligation to adopt a trade dress that does not cause confusion with the protectable trade dress of any earlier, existing products.

a. *Elements of Trade Dress Infringement*

To succeed on its claim for damages for trade dress infringement, Samara must prove two elements by a preponderance of the evidence:

First, that the trade dress of its designs is legally protectable; and

Second, that the trade dress of the Wal-Mart product you are considering is so similar to the protectable Samara Brothers' trade dress that it caused actual consumer confusion.

(i) *Legally Protectable Trade Dress*

To be legally protectable, a product's trade dress must be distinctive, meaning that it is either inherently distinctive or has acquired a secondary meaning in the marketplace.

(a) *Distinctiveness*

To be distinctive, a product's trade dress must be capable of identifying the producer or source of the product and distinguishing the product from the competition, even if consumers do not know the name of the source. There are two ways that a product's trade dress can be distinctive. First, it can be inherently distinctive and, second, it can become distinctive by acquiring a secondary meaning in the marketplace. In assessing the distinctiveness of the trade dress of Samara's designs, you should consider the appearance of the trade dress as a whole, rather than focusing on a single aspect of its design.

Trade dress features that are commonplace or customarily used to package products in a given industry are generally not distinctive so as to set the goods of a particular seller apart from the competition.

Moreover, trade dress law does not protect ideas or concepts, but only their expression. The overall inquiry in determining whether the trade dress is distinctive is whether the trade dress identifies the source of the product.

i) *Inherently Distinctive*

A trade dress is inherently distinctive if its intrinsic nature serves to identify a particular source of the product. An inherently distinctive trade dress is one that is likely to serve primarily as a designator of origin of the product, taking into consideration the nature of the trade dress and the context in which it is used. In determining whether the trade dress is

inherently distinctive, you should consider the combination of elements forming the product's overall appearance.

A trade dress that is arbitrary or fanciful is always inherently distinctive. A trade dress that is suggestive is also inherently distinctive. A trade dress is suggestive if it suggests rather than describes the characteristics of the product, requiring the purchaser to use his or her imagination, thought, and perception to determine what the product is. In contrast, a trade dress that is descriptive, meaning that it describes the qualities or characteristics of the product, is not inherently distinctive but may become distinctive by acquiring secondary meaning in the marketplace. In determining whether the trade dress of Samara's designs is inherently distinctive, you should consider the combination of elements forming the product's overall appearance, rather than examining each element separately.

ii) *Secondary Meaning*

A product's trade dress will have become distinctive by acquiring secondary meaning where the purchasing public has come to associate the trade dress with a single source or producer of the product, even if the name of the source is not known. In other words, Samara must show that the trade dress of its designs has, over time, become identified with its producer in the minds of potential customers. Factors to be considered in determining whether a product's trade dress has acquired secondary meaning include: plaintiff's advertising expenditures; consumer surveys linking the trade dress to a particular source; sales success; unsolicited media coverage; attempts to plagiarize the trade dress; the length and exclusivity of the use of the trade dress; and advertising promoting an association between the product and the source of the product.

Intentional copying also constitutes evidence of consumer recognition and secondary meaning, although it does

not by itself conclusively establish secondary meaning. Rather, evidence of intentional copying must be considered together with all the evidence in the case.

Samara has the burden of proving secondary meaning. The mere fact that Samara is using its trade dress, or that Samara began using it before Wal-Mart, does not mean that it has obtained secondary meaning. There is no particular length of time that trade dress must be used before it obtained a secondary meaning.

(ii) *Actual Confusion*

If you find by a preponderance of the evidence that Samara has proven that the trade dress of its designs is legally protectable, you must then consider the second element: actual confusion. Samara must prove by a preponderance of the evidence that the allegedly infringing trade dress of the Wal-Mart product caused actual consumer confusion.

Actual confusion may be shown by, among other things, testimony from consumers who were actually confused by the trade dress or by market surveys demonstrating actual consumer confusion.

Even if you find that Samara did not prove actual confusion, you may presume that there was actual confusion if Samara shows that Wal-Mart engaged in intentional deception. That presumption is a rebuttable one, and hence, if you find that Wal-Mart engaged in intentional deception, then the burden will shift to Wal-Mart to show by a preponderance of the evidence that there was no actual confusion. In that case, if Wal-Mart shows that there was no actual confusion, it will have met its burden to rebut the presumption and you must find in favor of Wal-Mart in this respect. If Wal-Mart does not show an absence of actual confusion in the face of proof of intentional deception, then Wal-Mart will not have rebutted the

presumption and you must find in favor of Samara in this respect. Remember, however, that Samara must first show that Wal-Mart engaged in intentional deception to give rise to the presumption of actual confusion.

* * * *

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96-Civ. 5032 (DC)

SAMARA BROTHERS, INC.,
Plaintiff,

v.

JUDY-PHILIPPINE, INC., K MART CORPORATION,
THE CALDOR CORPORATION, WAL-MART STORES, INC.,
HILLS DEPARTMENT STORES, INC.,
GOODY'S FAMILY CLOTHING, INC.
and JOHN DOES 1-50
Defendants.

MOTION FOR JUDGMENT OR, IN THE ALTERNATIVE, REQUEST FOR NEW TRIAL

Defendant Wal-Mart Stores, Inc., by counsel, respectfully moves for judgment pursuant to FED. R. CIV. P. 50 or, in the alternative, for a new trial pursuant to FED. R. CIV. P. 59. The grounds for Wal-Mart Stores, Inc.'s motion are set forth in the accompanying Memorandum in Support, incorporated herein by reference.

Respectfully submitted,
/s/ William D. Coston
William D. Coston (WD4192)
Barbara L. Waite (BW4029)
VENABLE, BAETJER, HOWARD & CIVILETTI, LLP
1201 New York Avenue, NW, Suite 1000
Washington, DC 20005-3917
Telephone: (202) 962-4800
Fax: (202) 962-8300
Attorneys for Defendant WAL-MART STORES, INC.

Dated: 1/31/97

* * * *

A. Legally Protectable Trade Dress

Samara spent considerable time in attempting to prove a case that there was a "Samara Look." None of its witnesses, however, could define this "look." It offered *no* evidence that actual consumers could even recognize this "look", much less recognize it as an indicator of the source of the garment. In other words, it did not put forth a legally sufficient evidentiary basis for a reasonable jury to find either that: (i) its trade dress was inherently distinctive; or (ii) that its trade dress had acquired a secondary meaning in the marketplace. (Jury Charge, Tr. at pp. 666-67); *Two Pesos, Inc.*, 505 U.S. at 769.

i. Inherently Distinctive

A trade dress is inherently distinctive if its intrinsic nature serves to identify a particular source of the product. (Jury Charge, Tr. at p. 667); *Two Pesos, Inc.*, 505 U.S. at 768; *Knitwaves, Inc. v. Lollytogs Ltd. (Inc.)*, 71 F.3d 996, 1008 (2d Cir. 1995)("*Knitwaves*"). The test of whether a trade dress is inherently distinctive thus includes both an element of distinctiveness and an element of the purpose intended to be served by the appearance. In order to be inherently distinctive, protectable trade dress, the trade dress features must be distinctive enough "so as to set the goods . . . apart from the competition."[2] (Jury Charge, Tr. at p. 667); *Two Pesos, Inc.*,

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[2] Trademark law requires a showing of distinctiveness, in part, because it is bad policy for the law to allow an indefinite "look" to be appropriated as protectable trade dress. As explained in McCarthy's treatise on Trademarks,

> In some cases, neither the plaintiff nor the court defines exactly what the trade dress consists of, except, for vague and indeterminate references to the 'overall appearance' or 'look' .... [t]his may well leave defendant uncertain as to what to do to avoid a charge of contempt and create dangers of anti-competitive overprotection....[t]he law of trade dress should not be used as an anti-competitive weapon based upon undefined claims of 'trade dress.'

MCCARTHY ON TRADEMARKS at § 8:3.

505 U.S. at 768. In addition, the *primary* purpose of the trade dress must be to serve as an identifier of the source of the goods. (*See* Jury Charge, Tr. at p. 667); *Knitwaves*, 71 F.3d at 1009. Product features and designs whose primary purpose is likely aesthetic do not qualify as inherently distinctive. *Knitwaves*, 71 F.3d at 1009 ("As Knitwaves' objective in the two sweater designs was primarily aesthetic, the designs were not *primarily* intended as source identification. Those sweater designs therefore fail to qualify for protection of trade dress inherent in product design. Accordingly, the judgment in favor of Knitwaves on the Lanham Act claim must be reversed.")(emphasis added); *Banff Ltd. v. Express, Inc.*, 921 F.Supp. 1065, 1071 (S.D.N.Y. 1994)(Following a jury verdict, this Court granted judgment as a matter of law for defendant on trade dress infringement, finding that design on sweater was not protectable trade dress because plaintiff, "like the plaintiff in *Knitwaves*, chose its design primarily for aesthetic reasons.")

First, Samara failed to prove with a legally sufficient evidentiary basis that its trade dress features were distinctive enough to set it apart from the competition. Samara's witnesses themselves, the actual creators and designers of the so-called "Samara Look," could not articulate what, if anything, about the trade dress made it inherently distinctive. Katherine Gosda, Samara's chief design witness and a self-described leading authority on the "Samara Look," (Tr. at p. 193, 17-20), admitted that it took her "a while" to "learn" the look, (Tr. at p. 151, 10-12), testimony that is directly inconsistent with a finding that the look is inherently distinctive. In addition to her

difficulty in learning the look, Ms. Gosda had trouble identifying it. In fact, although a designer of Samara's children's garments for six years, and an authority on the "Samara Look," Ms. Gosda affirmatively identified Wal-Mart Trial Exhibit 58, a garment manufactured by Baby Togs, as having the "Samara Look." (Tr. at p. 171). Ms. Gosda was also uncertain as to whether Wal-Mart Trial Exhibit 10, a dress manufactured by All Mine, was a Samara. (Tr. at p. 202).

In addition, Gary Goldman, Samara's Vice President of Sales and only other design witness, testified that other companies make garments that have the "Samara Look." He explained that other companies may not make an entire line with the "Look" but that particular garments within their lines do look like Samara's. (Tr. at pp. 251-252)("Q: So with respect to the one garment, however, that garment might look like the Samara garment, that is your testimony? A: I would say yes.").

Further, neither of the Samara design witnesses could reasonably articulate exactly what defined the "Look." In their testimony, Ms. Gosda and Gary Goldman spent a lot of time explaining what the "Look" is *not*, but were very inarticulate in defining exactly what the look is. For example, Ms. Gosda testified that the look is "hard to put into words, but there is a look." (Tr. at p. 151, 10-11). Mr. Goldman was no more definite. "Q: What would make the Samara look? A: It's just the feel of the garment. It's something that you have to understand being there doing it for 15 years, caring about it maybe." (Tr. at p. 262, 18-21). It defies reason and is sheer surmise to find that average, everyday consumers would recognize the "Samara Look," a look that its designers needed to "learn" or be around for years to understand (yet still could not articulately define or infallibly identify) and that one of its designers admitted was produced by other companies, as inherently distinctive.

Second, Samara put forth no evidence in this case that the purpose in designing the "Samara Look" was for anything other than aesthetics, an unprotectable trade dress purpose. Samara's lead design witness, Katherine Gosda, made that much evident in her testimony. On direct examination, Ms. Gosda repeatedly implied that the purpose of the "Samara Look" was to appear aesthetically pleasing, not for the purpose of identifying the source of the garment. For example, Ms. Gosda described her technique in designing the appearance of a garment with a three-car applique this way:

> So, when I do newborn and infant items, I make it what I called rounded. I want them to be soft, cute, that kind of thing. So, I made it rounded. And being three cars, I made it simple. There's no bumpers, headlights. There's nothing like that on the car.
>
> You don't want anything making your eye go a little crazy. So, I made it rounded and split the window, just to make it a little interesting. If there's one big glob of yellow, yellow is a strong color and is going to hit you right in the face.
>
> And the wheels, you notice there's a center color. So, in the center color, it's a yellow, too, balancing the yellow. Yellow is a very strong color.
>
> And that's pretty much where my conscious decisions came up doing that applique.

(Tr. at p. 148, 3-17). In describing how she learned the "Look," Ms. Gosda's again made it evident that the purpose behind the overall design is aesthetic, not identification:

> I call the Samara look simple-like elegance, or simple sophistication. When I first started working at Samara it took me a while to get it because I came from different companies that did things much more racy.

> There were more elements in the items. But when you look at a Samara garment they are simple. They are not too simple where you are bored with them but they are simple. They look sophisticated. They look boutiquey. They look very, very nice.

(Tr. at p. 151, 1-9).

Third, trade dress features that are commonplace or customarily used to package products in a given industry are generally not inherently distinctive. (Jury Charge, Tr. at p. 667); *Two Pesos, Inc.*, 505 U.S. at 768; *Knitwaves*, 71 F.3d at 1008. Because so many common themes and fabrics recur year-after-year in the children's clothing industry, it would be difficult, if not impossible, to create an inherently distinctive look based on those themes and fabrics. For example, Katherine Gosda testified that sailboats, cars, strawberries, hearts, ric rac, tulips, and trucks are all common themes in children's clothing. (Tr. at p. 186)(*see also* deposition testimony of Patricia Hamilton (Tr. at pp. 545-47) and deposition testimony of Barbara Lenhardt (Tr. at p. 568) describing common themes in children's wear). Ms. Gosda "borrowed" the appearance of an automobile to make her design. (Tr. at p. 184). She also agreed that appliques are a traditional method of decorating children's garments,. (Tr. at p. 187), and testified that she bases her designs in part on what other people in the industry are selling. (Tr. at pp. 187-88). These same themes are used, copied, and repeated over and over in children's garments and cannot serve to distinguish one children's garment manufacturer's look from another.

ii. Secondary Meaning

In order to demonstrate that its trade dress has become distinctive through secondary meaning, a plaintiff must show that its trade dress has become identified with a single source or producer of the designs in the minds of potential customers. (Jury Charge, Tr. at p. 668); *George Basch Co., Inc. v. Blue Coral, Inc.*, 968 F.2d 1532, 1536 (2d Cir. 1992)("*Blue Coral*"). "'Proof of secondary meaning entails vigorous evidentiary requirements.'" *Thompson Medical Co., Inc. v. Pfizer, Inc.*, 753 F.2d 208, 217 (2d Cir. 1985). Many factors may be considered in making this determination, most notably: (1) advertising expenditures; (2) consumer studies linking the name to the source; (3) sales success; (4) unsolicited media coverage of the product; (5) prior attempt to pirate the mark; and (6) duration of plaintiff's exclusive use of the mark. *Id.* Further, as Judge Sotomayer of this Court recently observed, "[i]n *Knitwaves*, the [Second Circuit] examined the clothing market and concluded that when people buy clothing, they do not tend to use overall design as an indicator of source." *Krueger Int'l, Inc. v. Nightingale, Inc.*, 915 F.Supp. 595, 603 (S.D.N.Y. 1996).

The record here shows that Samara introduced scant evidence of its advertising—brief testimony concerning cooperative advertising and three newspaper ads—and evidence of its sales of 140,000 dozen garments in 1995 and 130,000 dozen garments in 1996. (Tr. at p. 58, 63-65). It introduced evidence that it had been using its alleged trade dress since 1985. (Tr. at p. 211).

What Samara did not offer into evidence is more telling. It offered no evidence by which to compare its advertising expenditures or sales revenues to others in its industry. It offered no evidence to suggest efforts to promote association between the alleged "Samara Look" and its source. It offered no evidence of unsolicited media coverage. Samara also introduced testimony from its own witnesses that they believed consumers would recognize the "Samara Look," but this testimonial evidence is entitled little weight. *See Co-Rect Products, Inc. v. Marvy! Advertising Photography, Inc.*, 780 F.2d 1324, 1333 (8th Cir. 1985)(self-serving testimony of plaintiff that some of his consumers were confused held insufficient to establish secondary meaning of plaintiff's mark.).

It offered no evidence from actual consumers that they recognized a "Samara Look." "[W]here the other evidence of consumer recognition is hardly overwhelming, the absence of survey evidence weighs heavily against plaintiff's position." *Brown v. Quiniou*, 744 F.Supp. 463, 470 (S.D.N.Y. 1990). Because Samara did not offer any evidence that customers recognized or identified the "Look" with any particular source, a factual finding on the issue of secondary meaning would be based on pure conjecture.

There is no evidence in the record to support a factual finding of either inherently distinctive trade dress or secondary meaning. Therefore, Samara's claim of protectable trade dress must fail as a matter of law.

* * * *

Exhibit A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96-Civ. 5032 (DC)

SAMARA BROTHERS, INC.,
Plaintiff,

v.

JUDY-PHILIPPINE, INC., K MART CORPORATION,
THE CALDOR CORPORATION, WAL-MART STORES, INC.,
HILLS DEPARTMENT STORES, INC.,
GOODY'S FAMILY CLOTHING, INC.,
and JOHN DOES 1-50,
Defendants.

CONSENT ORDER

The parties hereto stipulate and agree as follows:

Factual Recitals

1. Plaintiff Samara Brothers, Inc. ("Samara") commenced this action on July 2, 1996, alleging trade dress and copyright infringement with respect to certain garments manufactured and sold by defendant Judy Philippine, Inc. ("JPI"), and offered for resale and sold by defendants Hills Department Stores, Inc., ("Hills"), The Caldor Corporation ("Caldor"), Goody's Family Clothing, Inc., ("Goody's") and Kmart Corporation ("Kmart") (JPI, Hills, Caldor, Goody's and Kmart collectively are hereinafter referred to as "defendants," and defendants other than JPI are hereinafter referred to hereinafter as "retailers").

2. On July 5, 1996 this Court issued an order, with the consent of JPI. Temporary restraining JPI from manufacturing, selling, importing, displaying or engaging in commerce in allegedly infringing garments.

3. Trial of this matter is set for January 6, 1997. Discovery is to close December 13, 1997.

4. Defendant JPI is a corporation organized and existing under the laws of New York. It manufactures, imports and distributes, among other things, children's clothing. JPI is headquartered within this district, with offices located at 1370 Broadway, New York, New York.

5. Defendant K Mart Corporation ("K Mart") is a corporation incorporated under the laws of Michigan. Its principal place of business is in Troy, Michigan. K Mart does business in this State and this district. K Mart is a national retailing chain.

6. Defendant The Caldor Corporation ("Caldor") is a corporation organized and existing under the laws of Delaware. Caldor is a debtor in a Chapter 11 case currently pending before this Court, and all acts alleged in this Complaint occurred after the commencement of its Chapter 11 case. Caldor is a retailing chain with stores throughout the Northeastern section of the United States.

7. Defendant Hills Department Stores, Inc. ("Hills") is a corporation duly organized and existing under the laws of Delaware. Hill's principal place of business is in Canton, Massachusetts. Hills is a retailing chain with stores throughout the Northeastern section of the United States.

8. Defendant Goody's Family Clothing, Inc. ("Goody's) is a corporation duly organized and existing under the laws of Tennessee. Its principal place of business is in Knoxville,

Tennessee. Goody's is a retailer of clothing and apparel, with stores in the Southeastern and Midwestern United States.

9. Samara is a corporation organized and existing under the laws of Delaware. Samara manufactures and sells childrens clothing, including a line of appliqued children's spring/ summer seersucker garments. JPI acknowledges that it is on notice that Samara claims a trade dress in the appearance of the line of applied seersucker children's spring/summer clothing, consistent across the line and consistent from year to year. The look constituting the claimed trade dress is a complex of features that together create a distinctive overall appearance, including the overall combination of uncluttered large appliques, often integrated into the construction of the garment, careful color coordination, and lack of excess ornamentation; and Samara has invested substantial time, capital and talent in designing and creating the Samara clothing and ensuring that all of Samara's clothes conform to that look, in order to indicate that the source of the garments is Samara. Samara has valid, registered copyrights in a number of its appliques and applique designs, including the following registrations for garments that are the subject of this Action: VA 751-717 through VA 751-726; VA 768-792 through VA 768-794; VA 768-826; VA 768-827; VA 768-841; VA 768-842; and VA 720-956.

10. JPI has in inventory at the current time, in the Philippines, approximately 180,000 units (15,000 dozen), but in no event more than 185,000, spring/summer garments that JPI manufactured originally for the spring/summer 1996 season (the "Inventory"). No less than half of the Inventory, but no more than two-thirds of the Inventory, are copies of Samara garments that have been copyrighted and are at issue in this Action.

11. Discovery has commenced in this Action but has not been completed. All parties hereto have served document requests and interrogatories, certain documents have been produced and depositions have been taken of certain of the parties hereto and of Wal-Mart.

Decretal Provisions

1. JPI from this day forward will:

(a) not import into the United States, manufacture or sell any garments of which the appliques, applique combinations, applique placement and/or combination of appliques and fabric, was copied from a Samara garment. However, nothing contained herein shall preclude JPI from using in its garments: (i) seersucker fabric, yokes, collars, pockets, bibs or other such garment features that are part of the construction of a garment and are in the public domain; (ii) appliques from a source or basis other than Samara, or that are in the public domain; (iii) applique combinations or placements from a source or basis other than Samara, or that are in the public domain; or (iv) applique-and-fabric combinations from a source or basis other than Samara, or that are in the public domain;

(b) not design or order any garments (or garment components such as appliques) using any Samara garment; applique, combination of appliques and fabric or applique combination as a source or basis; and

(c) instruct all persons providing garment or applique designs for JPI, whether employees or independent contractors, not to design any garments using any Samara garment, applique, combination of appliques and fabric or applique combination as a source or basis.

2. JPI may sell the Inventory solely for resale in the following locations: Mexico, Canada, Puerto Rico, Guam, China, Central America, South America, the Carribean, India,

Australia, New Zealand and Africa. The Inventory will in no circumstances be sold by JPI for resale in the United States, whether directly or indirectly.

3. The Court shall retain jurisdiction to enforce the provisions of this Consent Order.

Dated: New York, New York
January 14, 1997

PROSKAUER ROSE GOETZ & MENDELSOHN, LLP

By: /s/ Marya Lenn Yee
Marya Lenn Yee (MY-4608)
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(212) 969-3000

Attorneys for Defendant Judy Philippine, Inc.,

SILLER WILK LLP

By: /s/ Stuart M. Riback
Stuart M. Riback (SR-2443)
747 Third Avenue
New York, New York 10017
(212) 421-2233

Attorneys for Plaintiff Samara Brothers, Inc.

SO ORDERED.

/s/ Hon. Denny Chin
Hon. Denny Chin
United States District Judge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96-Civ. 5032 (DC)

SAMARA BROTHERS, INC.,
Plaintiff,

– against –

JUDY-PHILIPPINE, INC., et al.,
Defendants.

PROPOSED JUDGMENT
SUBMITTED BY PLAINTIFF

CHIN, U.S.D.J.:

This action came on for trial on claims as between plaintiff Samara Brothers, Inc. ("Samara") and defendant Wal-Mart Stores, Inc. ("Wal-Mart") before the Court and a jury, Honorable Denny Chin, United States District Judge, presiding, and the Court having instructed the jury to find a special verdict, and the jury having duly found such verdict, and the Court having considered the evidence and heard argument on the equitable claims in the case, and the Court having rendered a decision on _____, 1997, denying the motion by defendant Wal-Mart for judgment as a matter of law pursuant to Federal Rules of Civil Procedure 50,

IT IS SO ORDERED, ADJUDGED AND DECREED that:

1. Wal-Mart is hereby enjoined from infringing any of the following valid registered copyrights owned by Samara: VA 751-717 through VA 751-726, VA 768-792 and VA 768-793 and VA 768-841. In addition, because of Wal-Mart's wilful infringement as found by the jury, and what the Court has determined to be a continuing danger of infringement of

Samara's rights, including infringement during the Spring/Summer 1997 season, Wal-Mart is hereby enjoined from infringing any other copyright that Samara has registered or may register in the future.

2. There is a danger that Wal-Mart may continue to infringe Wal-Mart's trade dress in the future. Therefore, Wal-Mart is hereby enjoined from infringing the trade dress of Samara, which the jury found to be protectible. Wal-Mart shall not originate, participate in originating, order, manufacturer, contract for, purchase, display, sell, offer or otherwise engage in commerce in (a) the garments displayed in Exhibit 1 hereof, consisting of Plaintiff's Trial Exhibits 1A, 3A, 4A, 4C, 5A, 6A, 8A, 9A, 10A, 32A, 33A, 34A, 36A-R and 37A-N; or (b) any other garments which are likely to cause confusion, mistake or deception as to the source, sponsorship or affiliation with Samara's garments as herein set forth. The trade dress is a complex of features that together create a distinctive overall appearance that is consistent from year to year. That appearance is composed of some or all of the following elements in combination: seersucker fabric, large bold appliques that are usually integrated into the construction of the garment, color coordination of the appliques with the body fabric, use of contrasting collars and yokes, and lack of excess ornamentation. Samara's trade dress is expressed in the following clothing designs, all of which Wal-Mart is hereby enjoined from infringing, whether by copying or by originating, purchasing or selling garments with a confusingly similar appearance likely to cause confusion, mistake or deception as to source, sponsorship or appearance:

(a) a girl's spring/summer garment with a large scalloped collar, with three matching appliques dropped into the edge of the scallop and integrated into the construction of the collar. Garments in the record that are examples of this aspect of Samara's trade dress are

Plaintiff's Exhibits 4A, 4C, 5A, 6A, 8A, 36A-C and 37A-G, photographs of which are annexed hereto;

(b) a girl's spring/summer garment with a split round collar, ric-rac (or other similar bordering material) on the collar parallel to the curve of the collar; an applique set into each side of the facing front, set at or about the level of the ric rac (or other similar bordering material); pockets on the body of the dress with ric rac (or other similar bordering material) parallel to the hem of the pocket; and an applique on each of the pockets that matches or complements the applique on each side of the collar. Garments in the record that are examples of this aspect of Samara's trade dress are Plaintiff's Exhibits 1A, 32A, 36D-F and 37H-K, photographs of which are annexed hereto;

(c) a girl's spring/summer garment with a ruffle sleeve, and either (i) a yoke with three matching appliques and a large complementary applique on the lower front side of the dress body, or (ii) a yoke with a single large applique in the center. Garments in the record that are examples of this aspect of Samara's trade dress are Plaintiffs Exhibits 3A, 36G-J, 36M and 37L-M, photographs of which are annexed hereto;

(d) a girl's spring/summer garment with a round collar designed so that the entire collar has the appearance of a watermelon wedge, and either: (i) if the collar is a solid round collar, a ruffle at the edge of the collar; or (ii) if the collar is a split round collar, ric rac (or other such bordering material) parallel to the edge of the collar, and rounded pockets with ric rac (or other such bordering material) and corresponding watermelon appearance on the pockets. Garments in the record that are examples of this aspect of Samara's trade

dress are Plaintiff's Exhibits 33A, 36K-L and 37N, photographs of which are annexed hereto;

(e) a girl's spring/summer garment bearing a large collar, (either round collar or bishop's collar) with three matching large appliques set into the collar. Garments in the record that are an example of this aspect of Samara's trade dress is Plaintiff's Exhibits 9A and 36N, photographs of which are annexed hereto;

(f) a boy's spring/summer overall-style garment with three matching appliques set into the yoke. Examples of this aspect of Samara's trade dress are Plaintiff's Exhibits 10A, 36D and 36R, photographs of which are annexed hereto; and

(g) a boy's spring/summer overall-style garment with a single large applique placed either (i) in the center of the chest; or (ii) on the lower front of the garment, to the side. Examples of this aspect of Samara's trade dress are Plaintiff's Exhibits 34A, 36P and 36Q, of which photographs are annexed hereto.

3. Samara shall recover of Wal-Mart the following sums:

(a) Wal-Mart's profits in the amount found by the jury of $1,153,315 30;

(b) an enhancement of the award to account for Wal-Mart's profits after July 13, 1996. This enhancement is needed because of the unavailability of proof of such sales in a manner that would have permitted Samara to present such proof to the jury. Because Wal-Mart's sales as of July 13 were approximately 80% of total inventory of infringement garments, the award of profits should be increased by 25% (20 % being 25% of 80%), or $288,329.08;

(c) prejudgment interest in the amount of $_____ as of June 1, 1997, plus interest on the enhanced award in the amount of $_____ as of June 1, 1997. Such interest shall continue to accumulate at a simple interest rate of _____ of the principal amount, until the date hereof, after which postjudgment interest shall commence running. The Court finds that this is an exceptional case warranting the award 3fa prejudgment interest.

(d) because this is an exceptional case and because Wal-Mart was found to have acted wilfully and in bad faith, the Court finds it appropriate to award Samara reasonable attorneys fees and disbursements. The Court has examined Samara's time and disbursement records, finds them reasonable, and based thereon awards Samara $_____ as a reasonable attorneys fees and disbursement, and

(e) Samara's costs in this action.

4. Pursuant to Federal Rule of Civil Procedure 54(b), the Court determines that there is just no reason for delaying the entry of judgment on Samara's claims against Wal-Mart. Accordingly, the Clerk is directed to enter this judgment on all such claims, without regard to the pendency of other claims, counterclaims and/or cross-claims that may remain pending in the action.

ENTER:

_____

Denny Chin, U.S.D.J.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96-Civ. 5032 (DC)

SAMARA BROTHERS, INC.,
Plaintiff,

– against –

JUDY-PHILIPPINE, INC., et al.,
Defendants.

FILED
JUL 6 1999

JUDGMENT

CHIN, U.S.D.J.:

This action came on for trial on claims as between plaintiff Samara Brothers, Inc. ("Samara") and defendant Wal-Mart Stores, Inc. ("Wal-Mart") before the Court and a jury, and the Court having instructed the jury to find a special verdict, and the jury having duly found such verdict, and the Court having considered the evidence and heard argument on post-trial motions and plaintiff's equitable claims in the case, and the Court having rendered a decision from the bench on July 14, 1997 as well as a written decision dated July 17, 1997 on the post-trial motions,

Wal-Mart having appealed this Court's judgment to the United States Court of Appeals for the Second Circuit (the "Second Circuit"), and the Second Circuit having affirmed in part and reversed in part this Court's judgment pursuant to an

opinion filed December 28k, 1998 and reported at 165 F.3d 120 (2d Cir. 1998); and

Wal-Mart having moved for a rehearing of the appeal by the Second Circuit, with a suggestion for rehearing *en banc*, and the Second Circuit having denied that motion by order filed April 21, 1999; and

The mandate of the Second Circuit having issued to this Court;

IT IS ORDERED, ADJUDGED AND DECREED that:

1. Wal-Mart is hereby enjoined from infringing any of the following valid registered copyrights owned by Samara: VA 751-717 through VA 751-726, VA 768-792 and VA 768-793 and VA 768-841.

2. Wal-Mart is hereby enjoined from infringing any other copyright that Samara has registered or may register in the future.

3. Wal-Mart is hereby enjoined from marketing, advertising, manufacturing, purchasing, importing, selling or otherwise distributing any garments that infringe Samara's trade dress. The trade dress is comprised of an amalgamation of design elements combined in and on the garments, and is reflected in the photocopies annexed as Exhibit 1 (consisting of plaintiff's Trial Exhibits 1A, 3A, 4A, 4C, 5A, 6A, 8A, 9A, 10A, 32A, 33A, 36A-N, 36R and 37A-O). The trade dress includes most if not all of the following elements:

(a) seersucker fabric;

(b) two or three identically shaped and symmetrically placed cloth appliques (not screen printed) substantially similar to appliques displayed on Samara clothing in vibrant colors integrated into

the collar (which is typically large and white), collar line and/or pocket(s) (if any);

(c) single-piece, full-cut bodies; and

(d) the absence of three dimensional features, outlines and words.

Essential to the trade dress is the method by which the design elements are combined on the garments. In particular: (i) the placement of the appliques, typically a row of two or three, along the collar or collar line of the garment, and on any pockets; and (ii) seersucker fabric are essential to the trade dress.

4. Samara shall recover of Wal-Mart the sum of $1,676,955.77, consisting of the following:

(a) Wal-Mart's profits in the amount of $1,084,681.47;

(b) prejudgment interest (through July 17, 1997) in the amount of $115,375.53;

(c) attorneys' fees in the amount of $275,000 and costs in the amount of $33,196;

(d) post-judgment interest on the foregoing total of $1,508,253 in the amount of $163,406.89 through June 10, 1999, in the amount of $5,335.88 for the period from June 11, 1999 through July 2, 1999, with interest continuing to accrue at the rate of $242.54 per day through July 17, 1999, and $256.01 per day thereafter, until paid; and

(e) Samara's costs on the appeal in the amount of $725.35.

SO ORDERED.

Dated: New York, New York
July 2, 1999

/s/ Denny Chin
DENNY CHIN
United States District Judge

THIS DOCUMENT WAS ENTERED
ON THE DOCKET ON 7-7-99

Plaintiff's Exhibit 1A



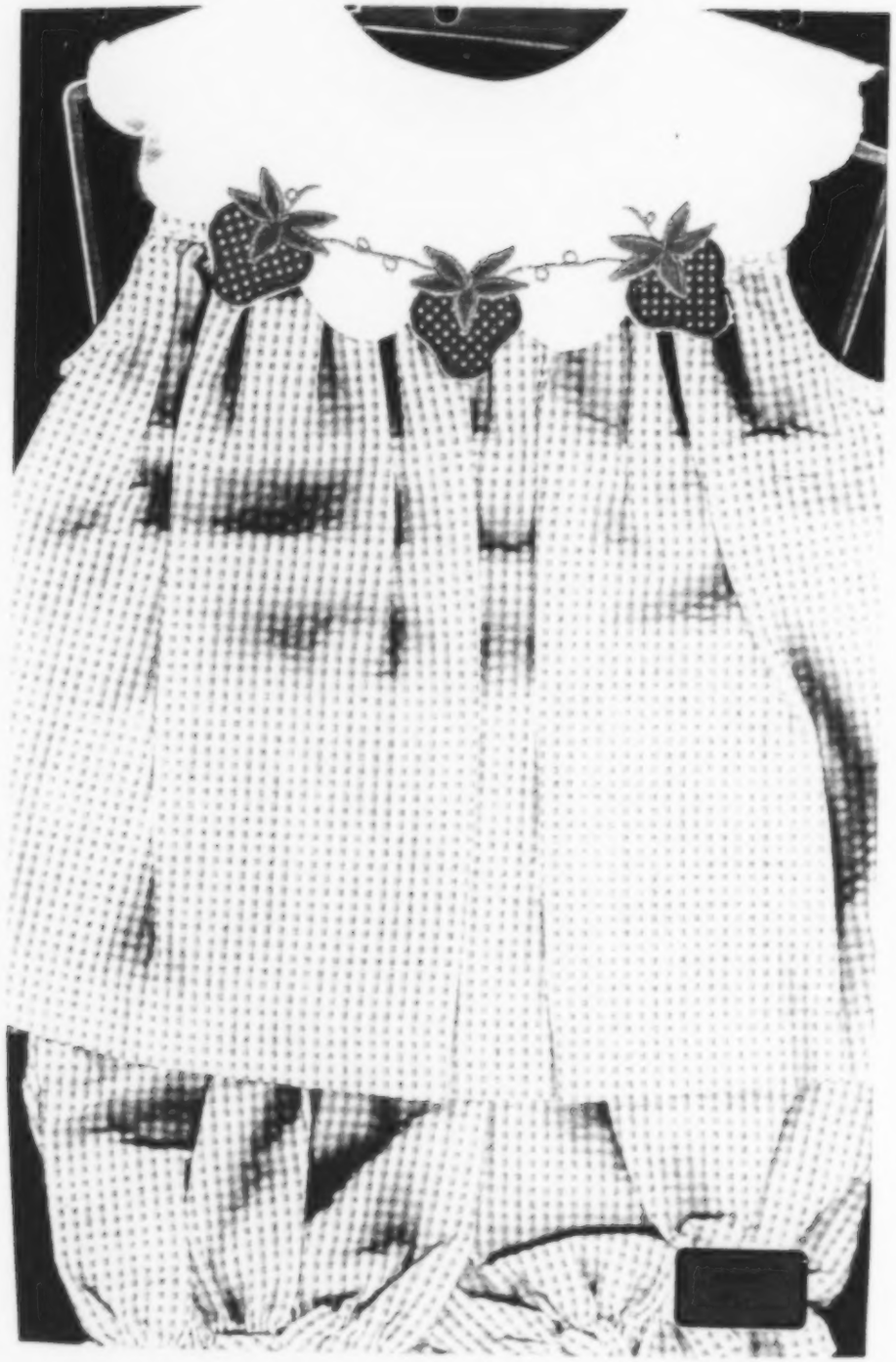
Plaintiff's Exhibit 3A



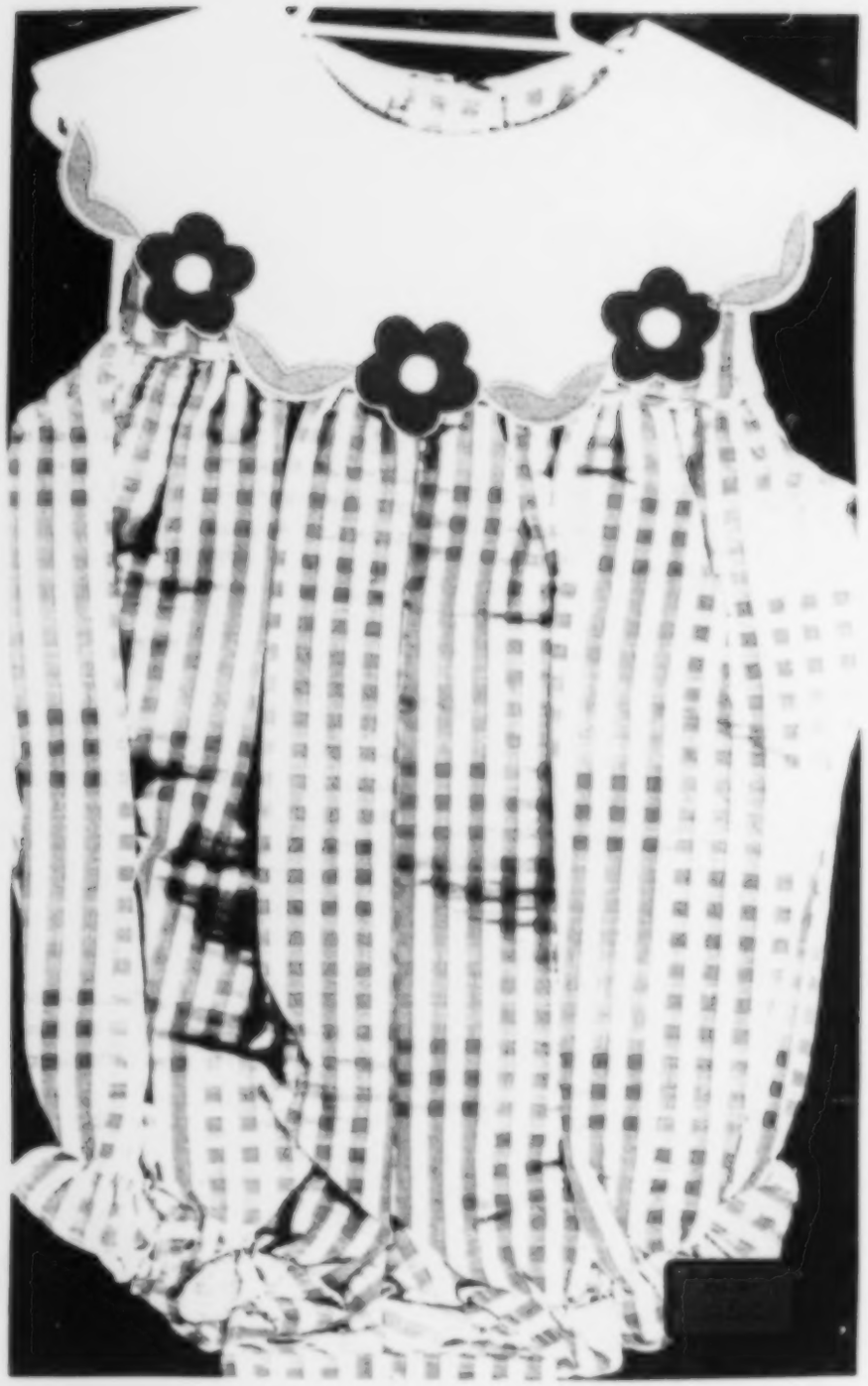
Plaintiff's Exhibit 4A



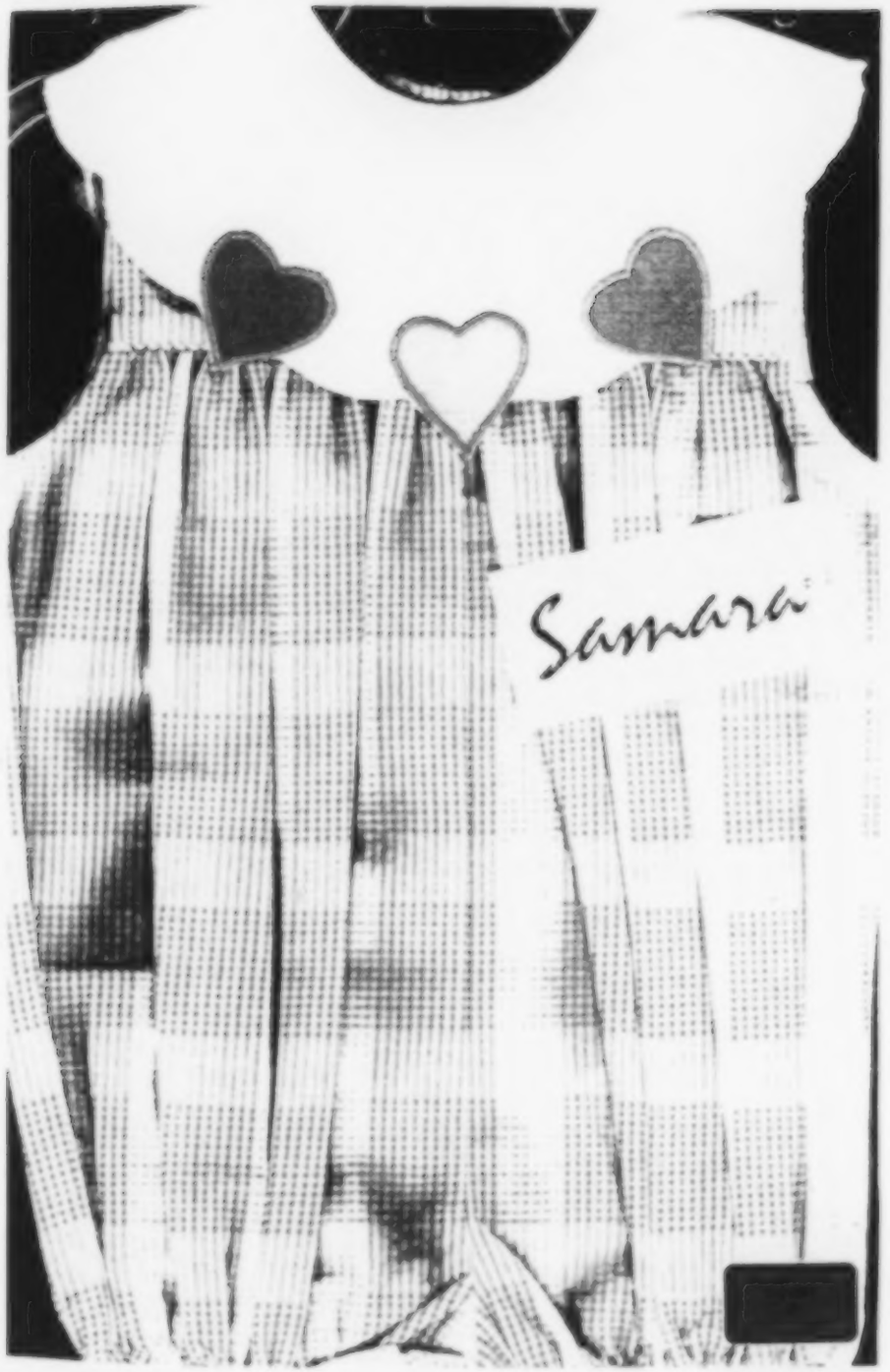
Plaintiff's Exhibit 4C



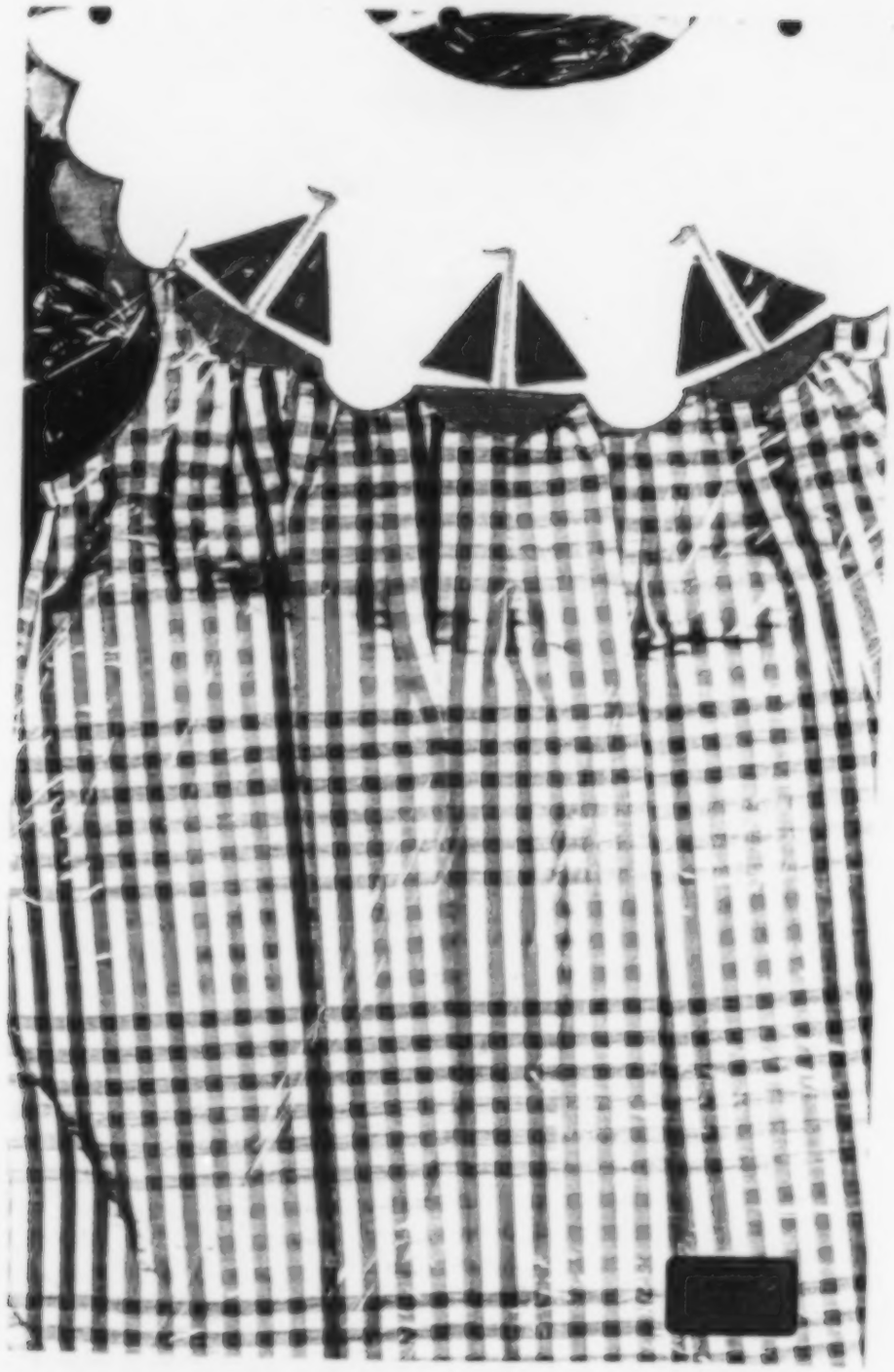
Plaintiff's Exhibit 5A



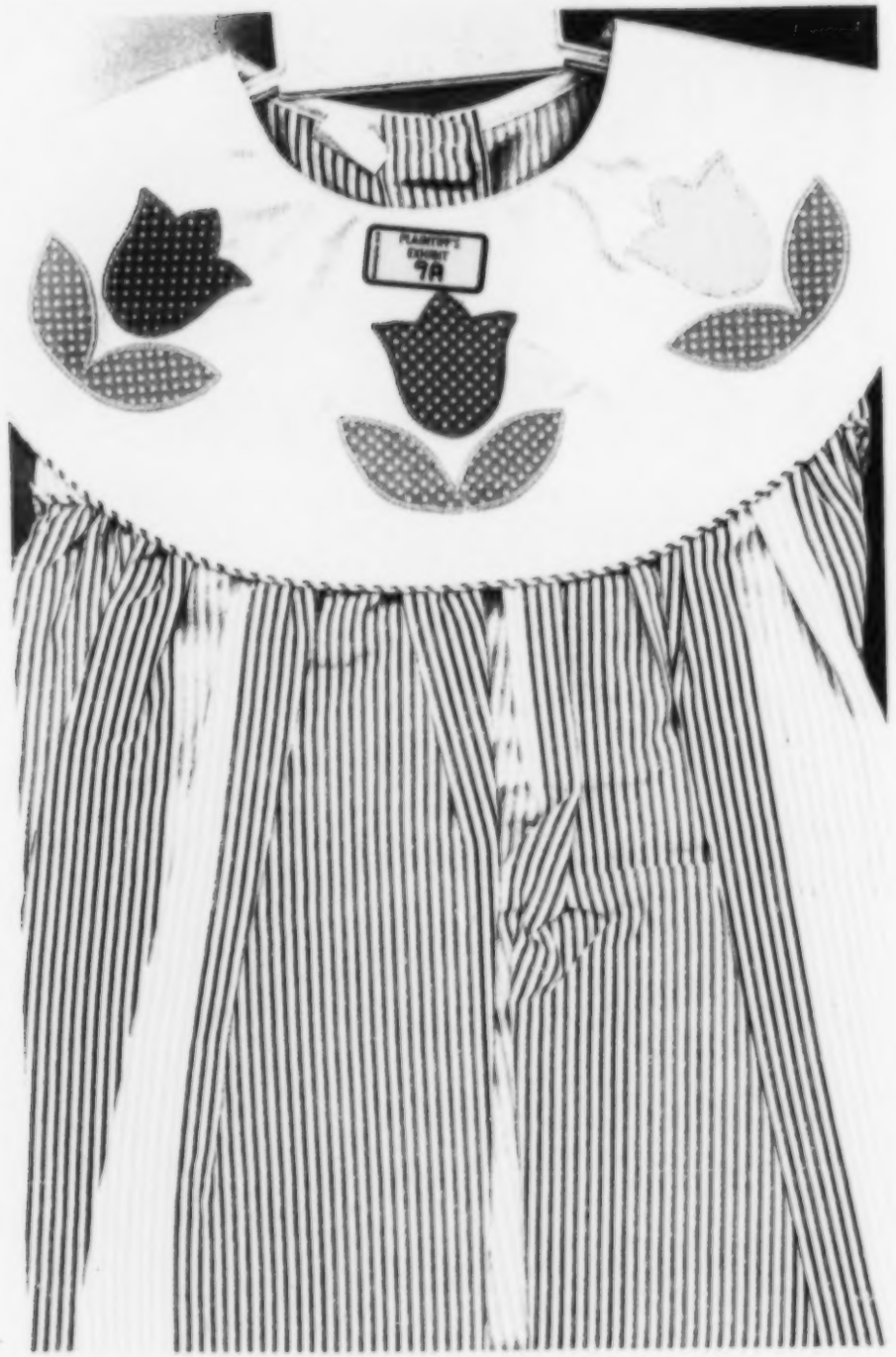
Plaintiff's Exhibit 6A



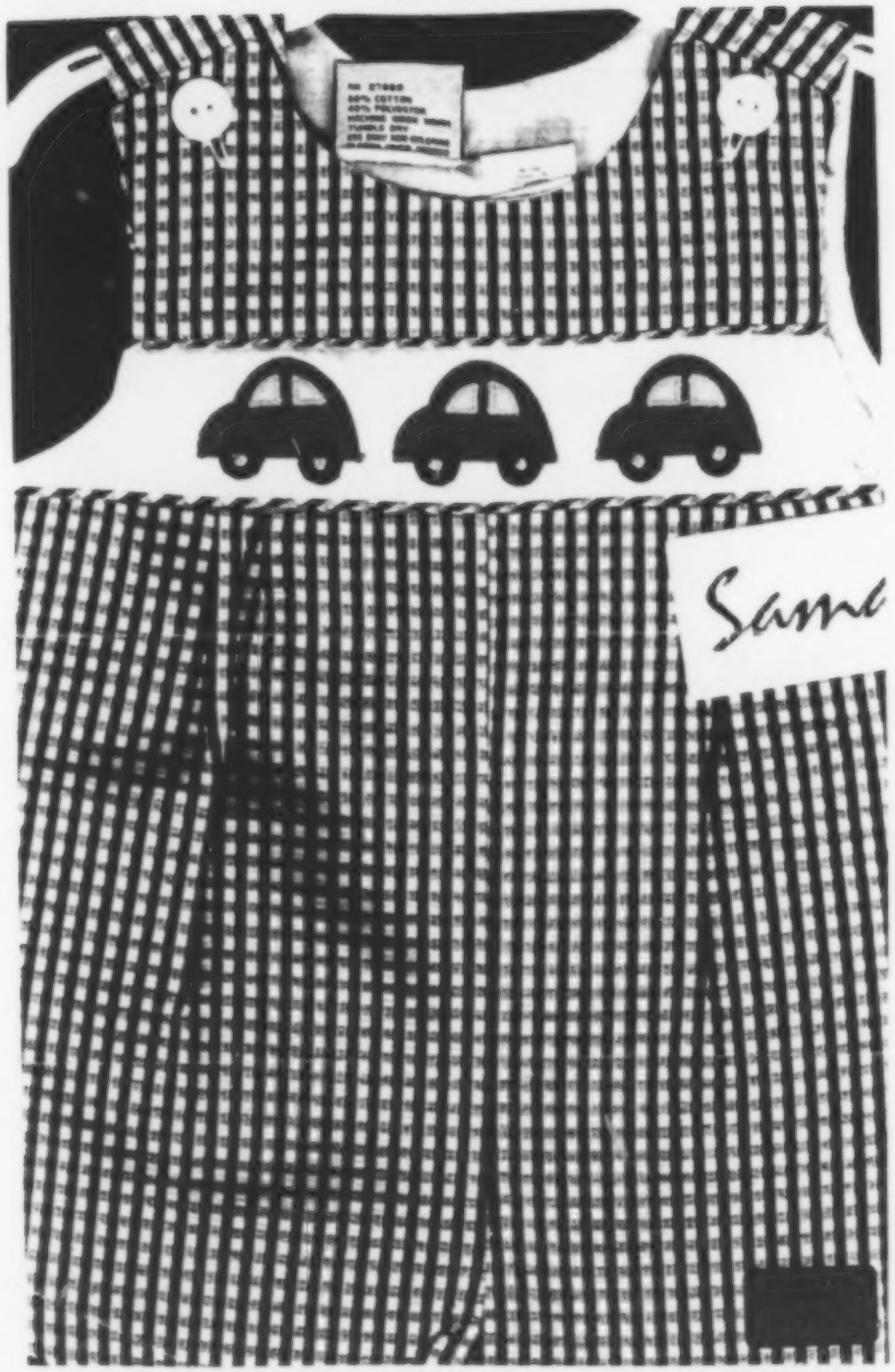
Plaintiff's Exhibit 8A



Plaintiff's Exhibit 9A



Plaintiff's Exhibit 10A



Plaintiff's Exhibit 32A



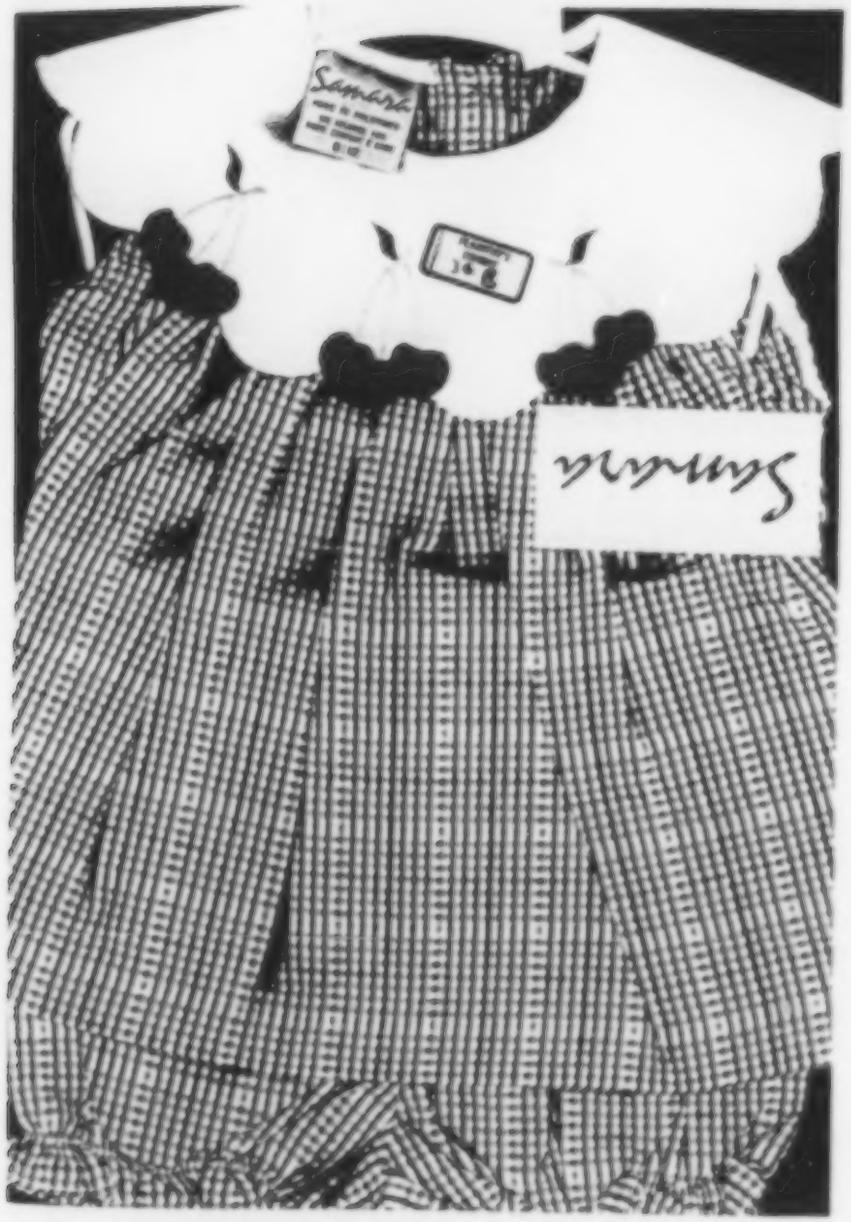
Plaintiff's Exhibit 33A



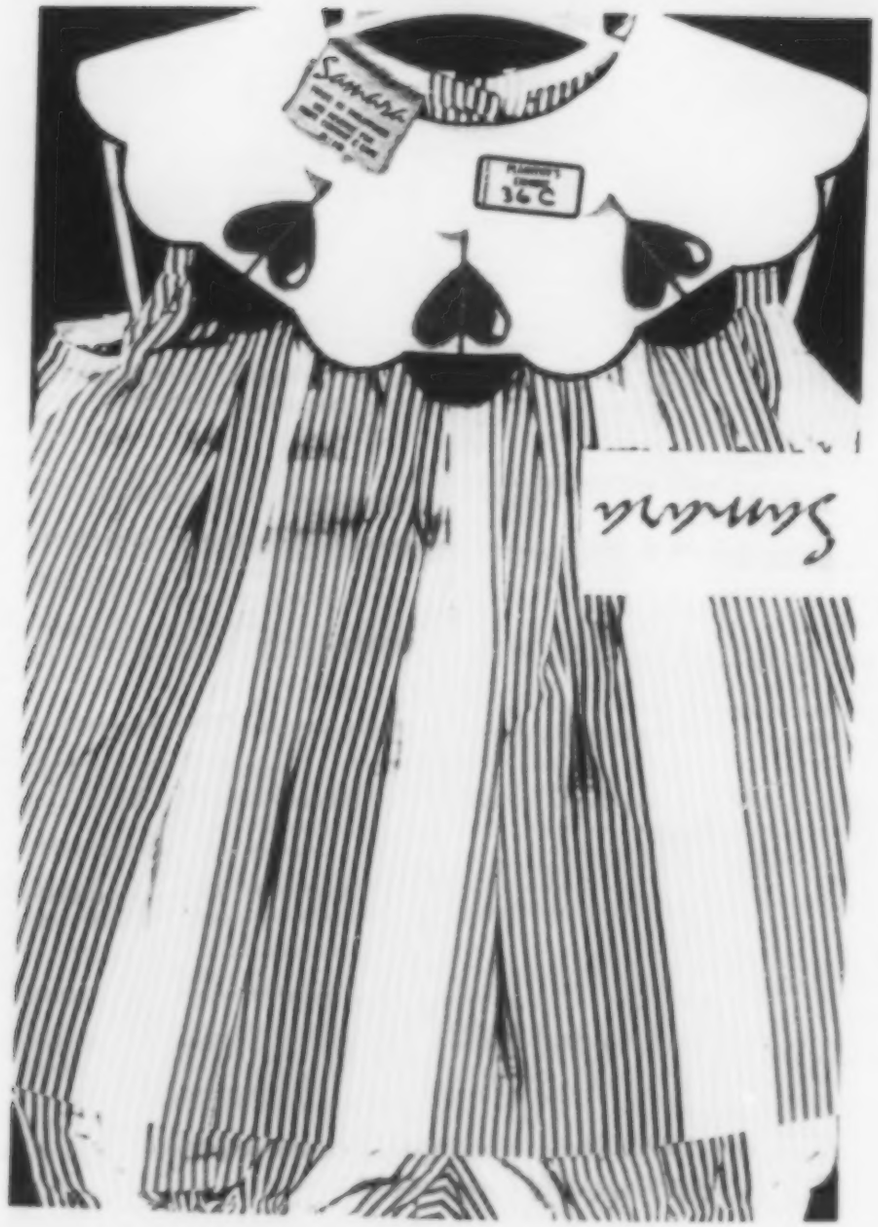
Plaintiff's Exhibit 36A



Plaintiff's Exhibit 36B



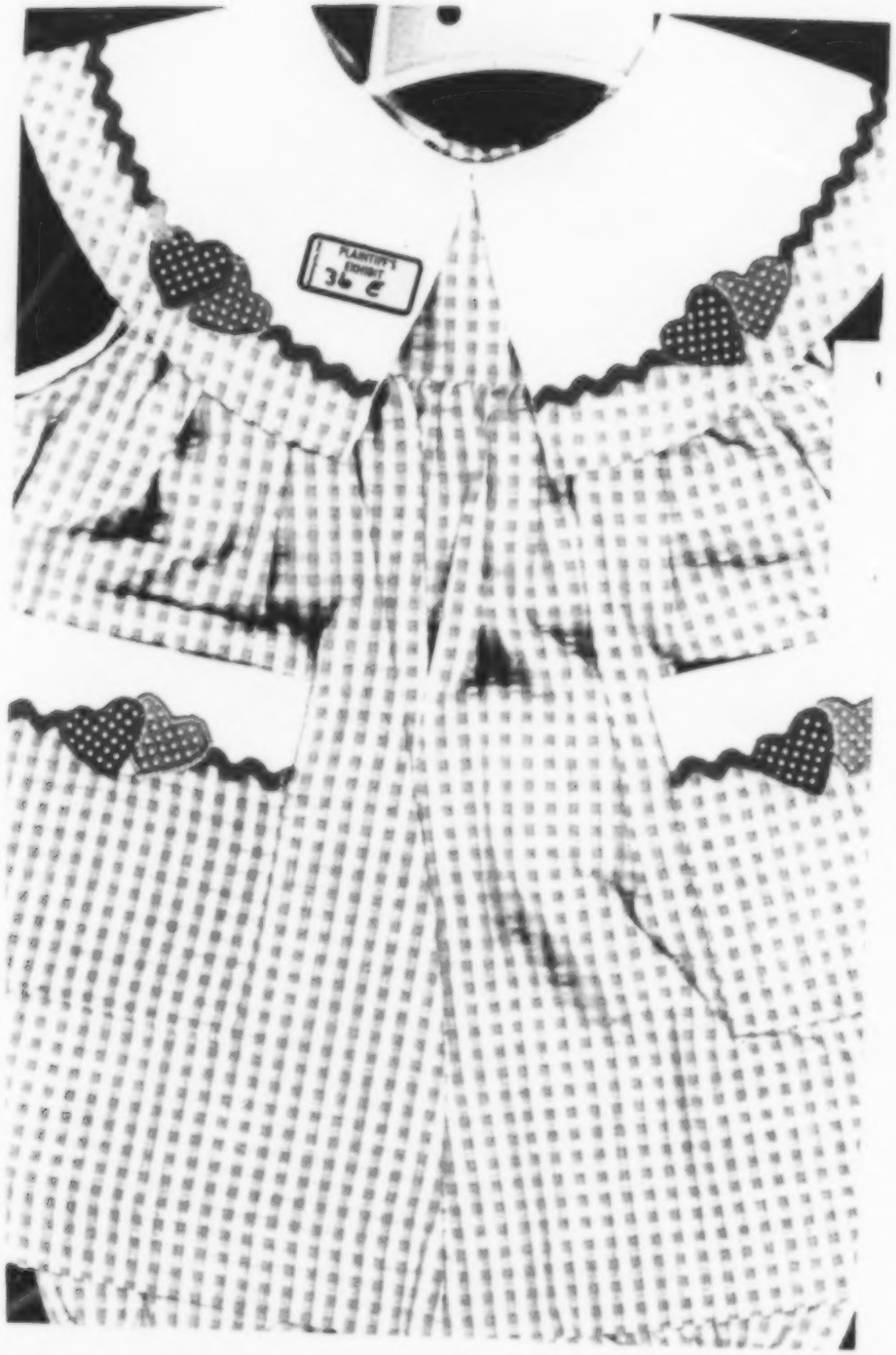
Plaintiff's Exhibit 36C



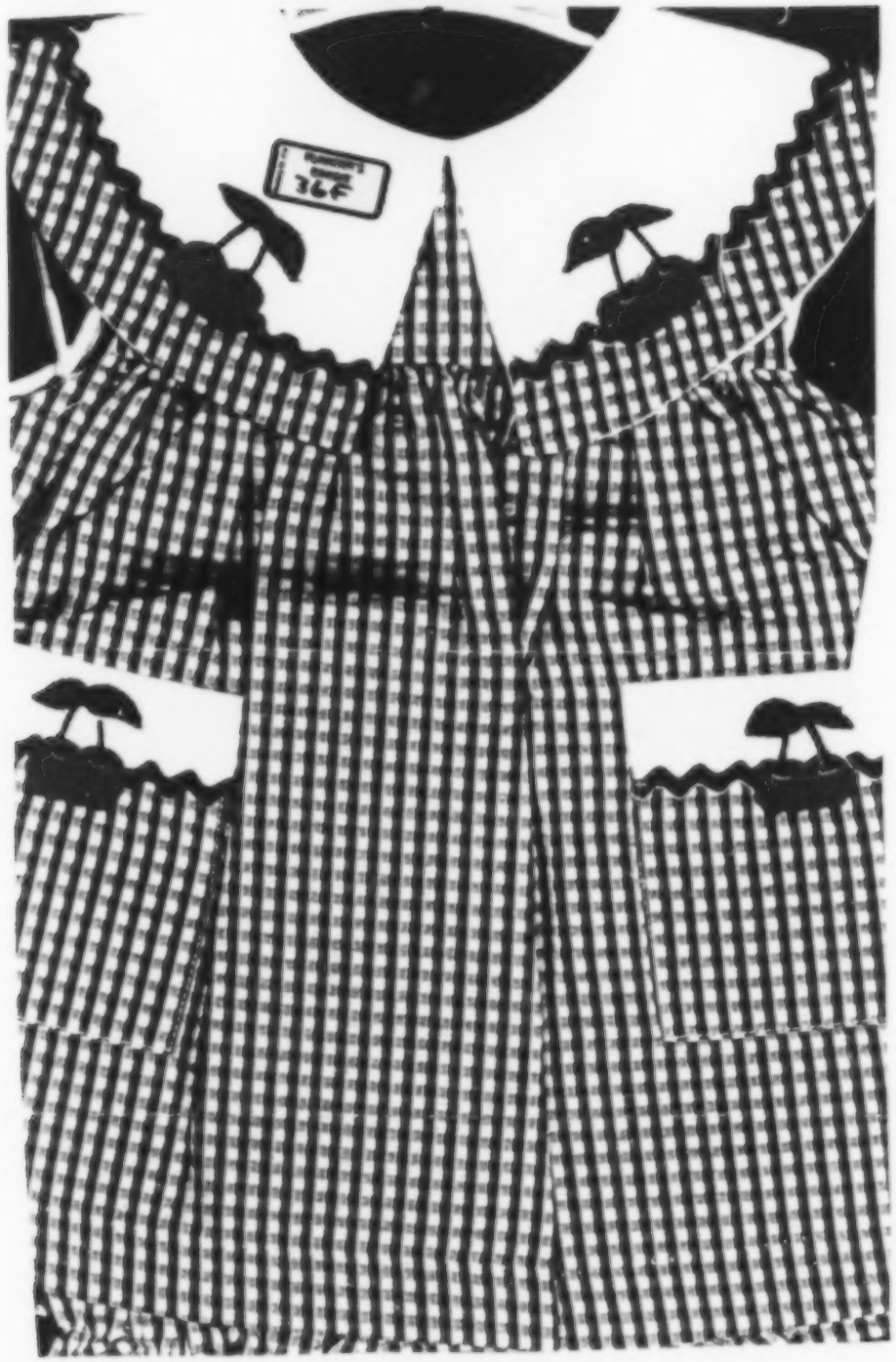
Plaintiff's Exhibit 36D



Plaintiff's Exhibit 36E



Plaintiff's Exhibit 36F



Plaintiff's Exhibit 36G



Plaintiff's Exhibit 36H



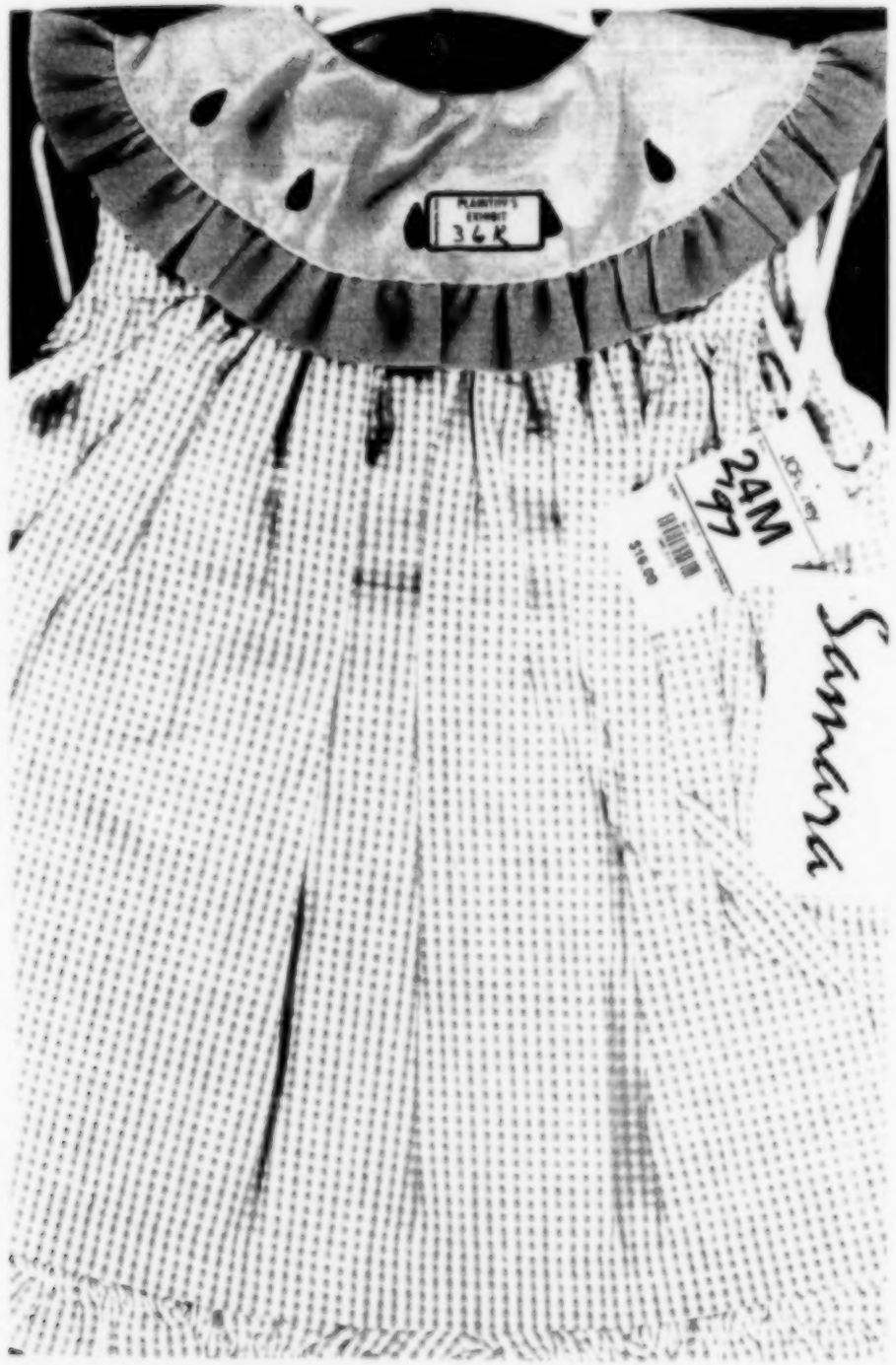
Plaintiff's Exhibit 36I



Plaintiff's Exhibit 36J



Plaintiff's Exhibit 36K



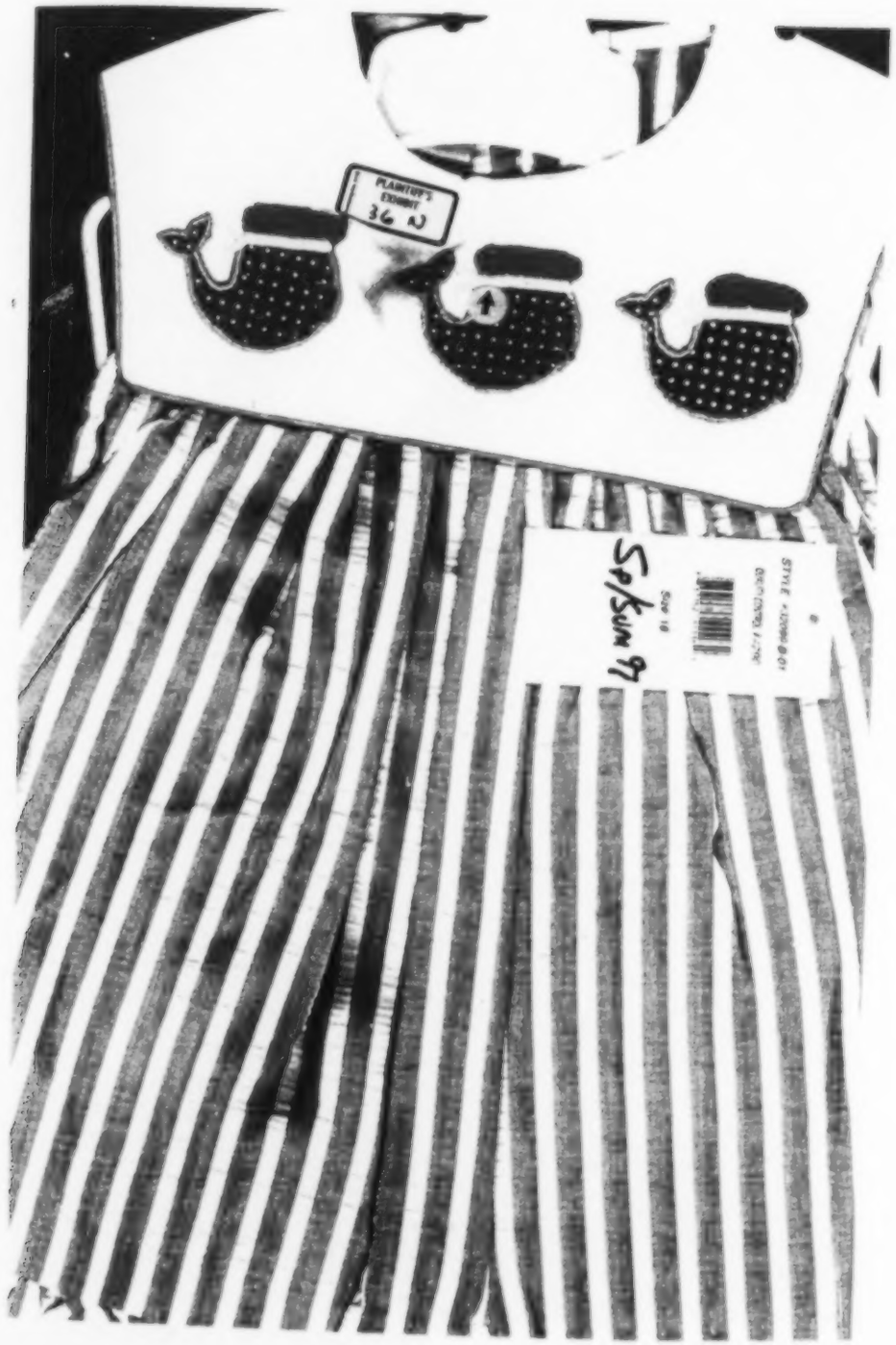
Plaintiff's Exhibit 36L



Plaintiff's Exhibit 36M



Plaintiff's Exhibit 36N



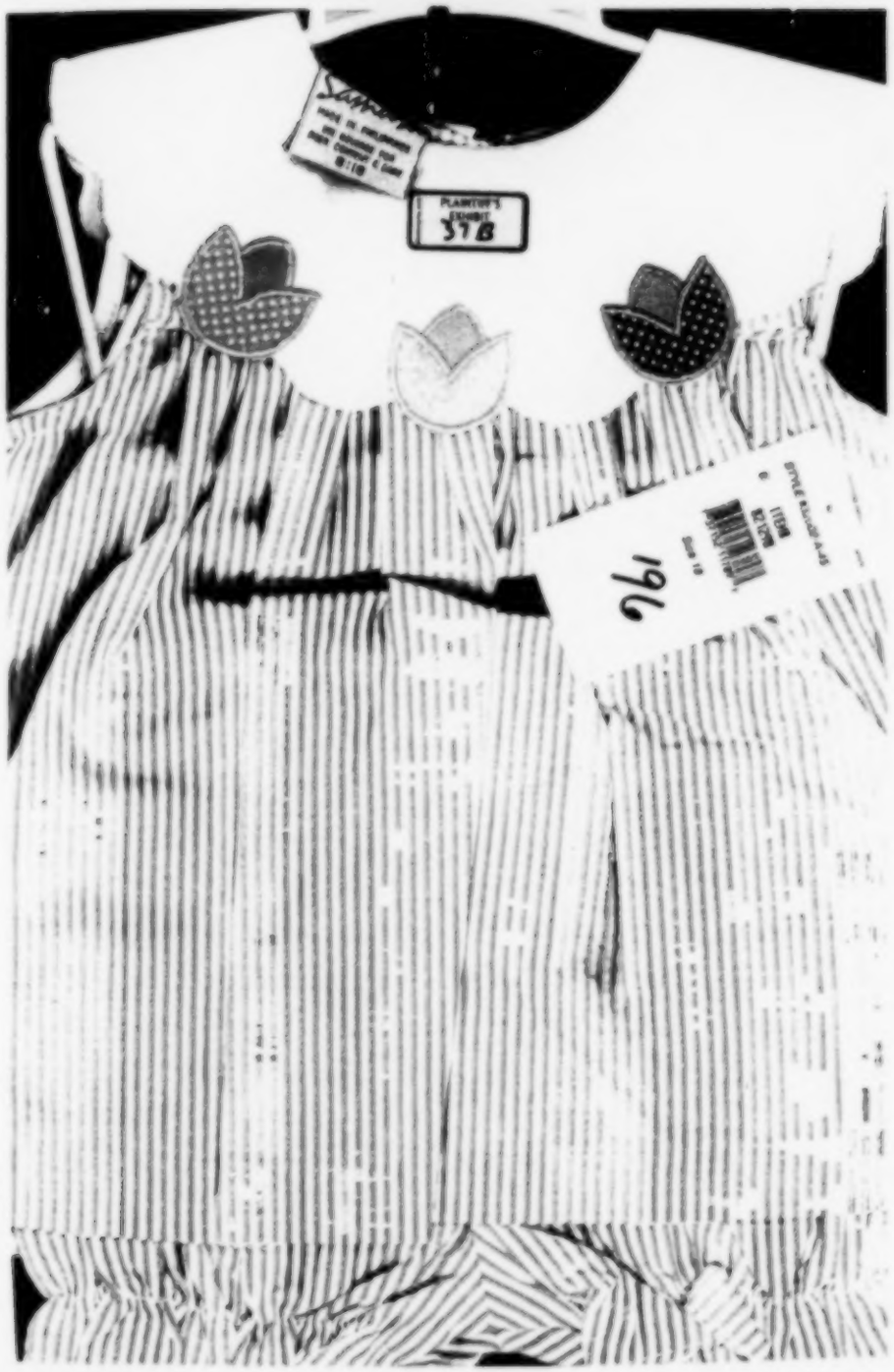
Plaintiff's Exhibit 36R



Plaintiff's Exhibit 37A



Plaintiff's Exhibit 37B



Plaintiff's Exhibit 37C



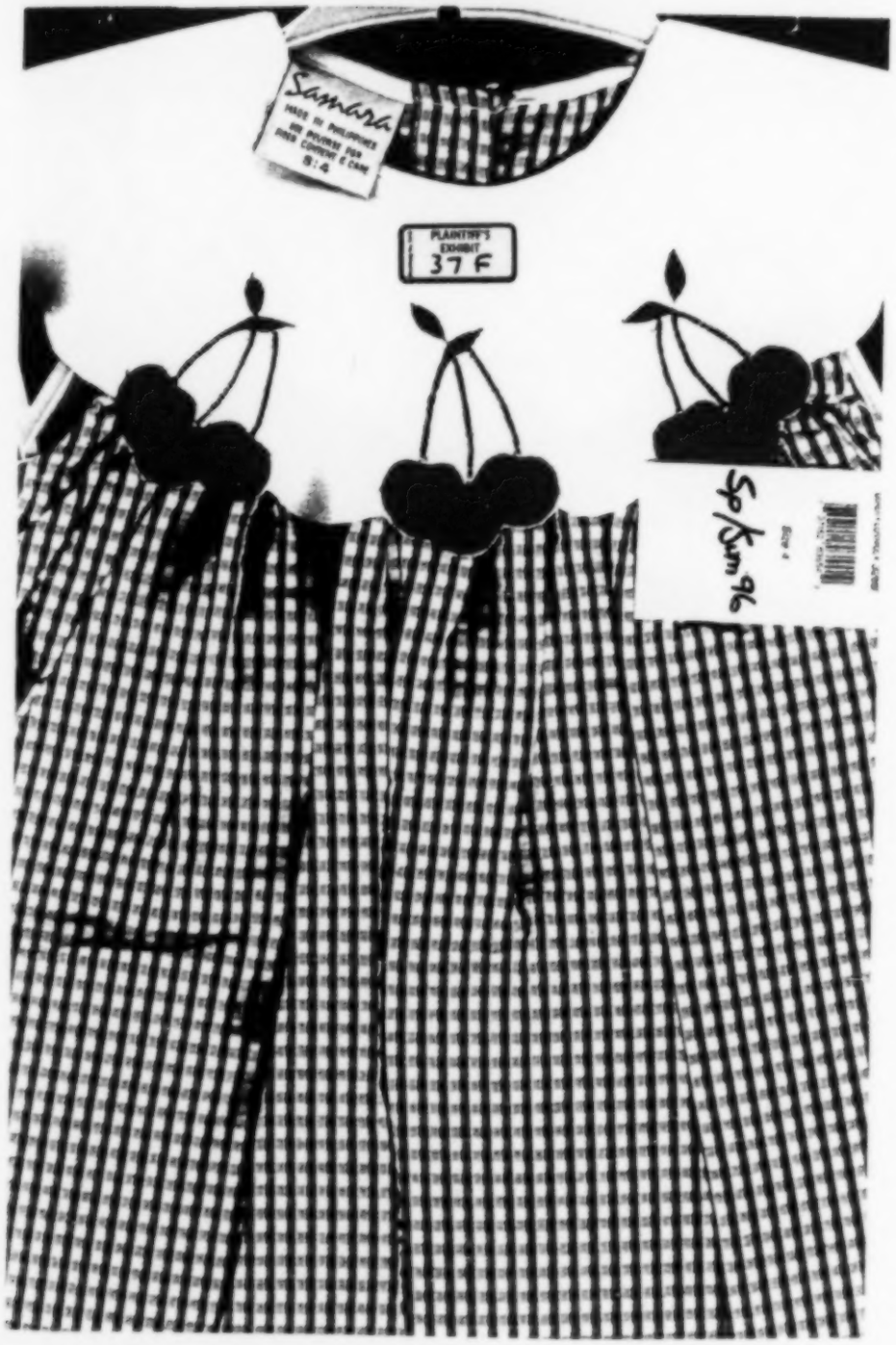
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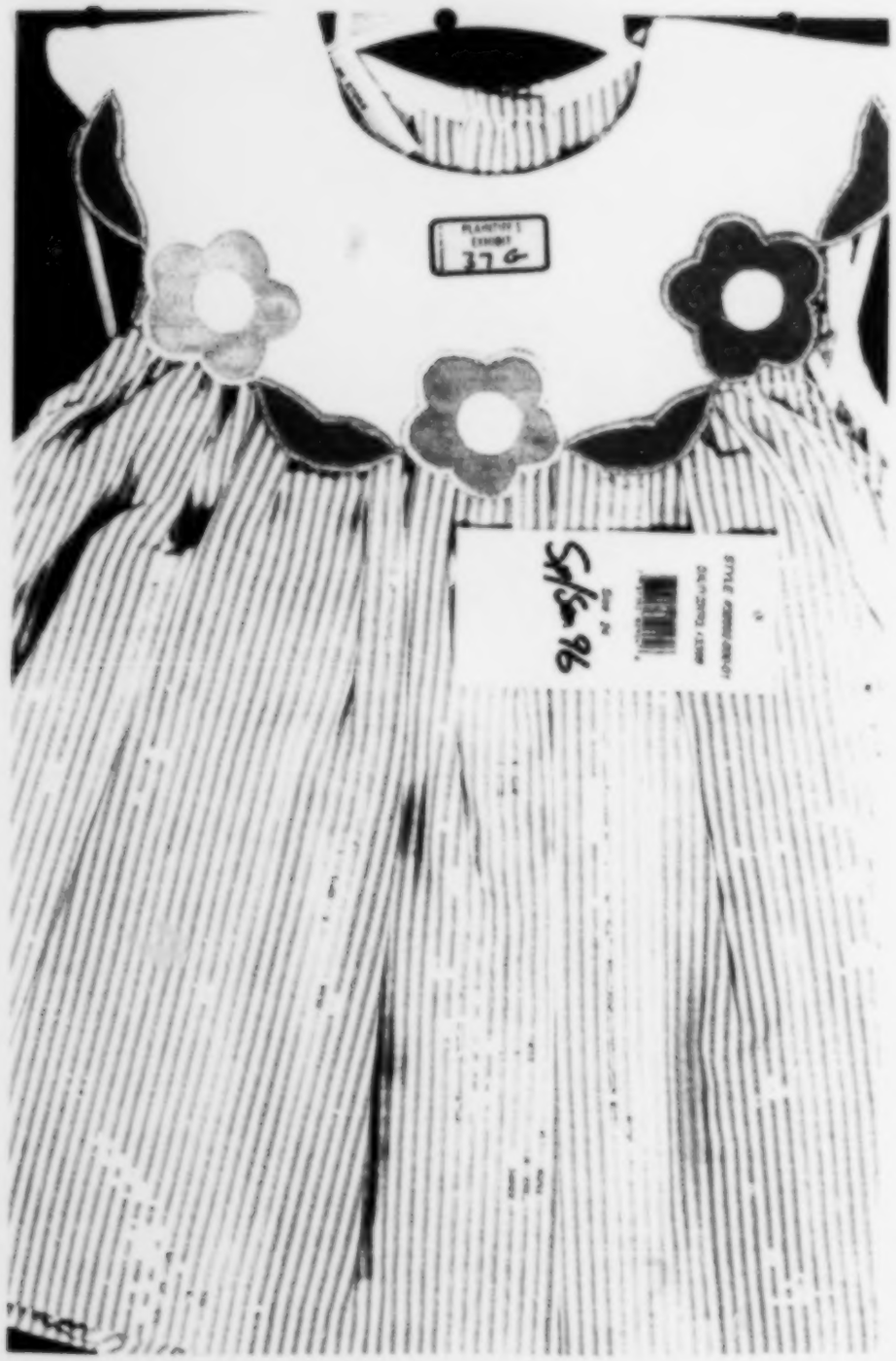
Plaintiff's Exhibit 37E



Plaintiff's Exhibit 37F



Plaintiff's Exhibit 37G



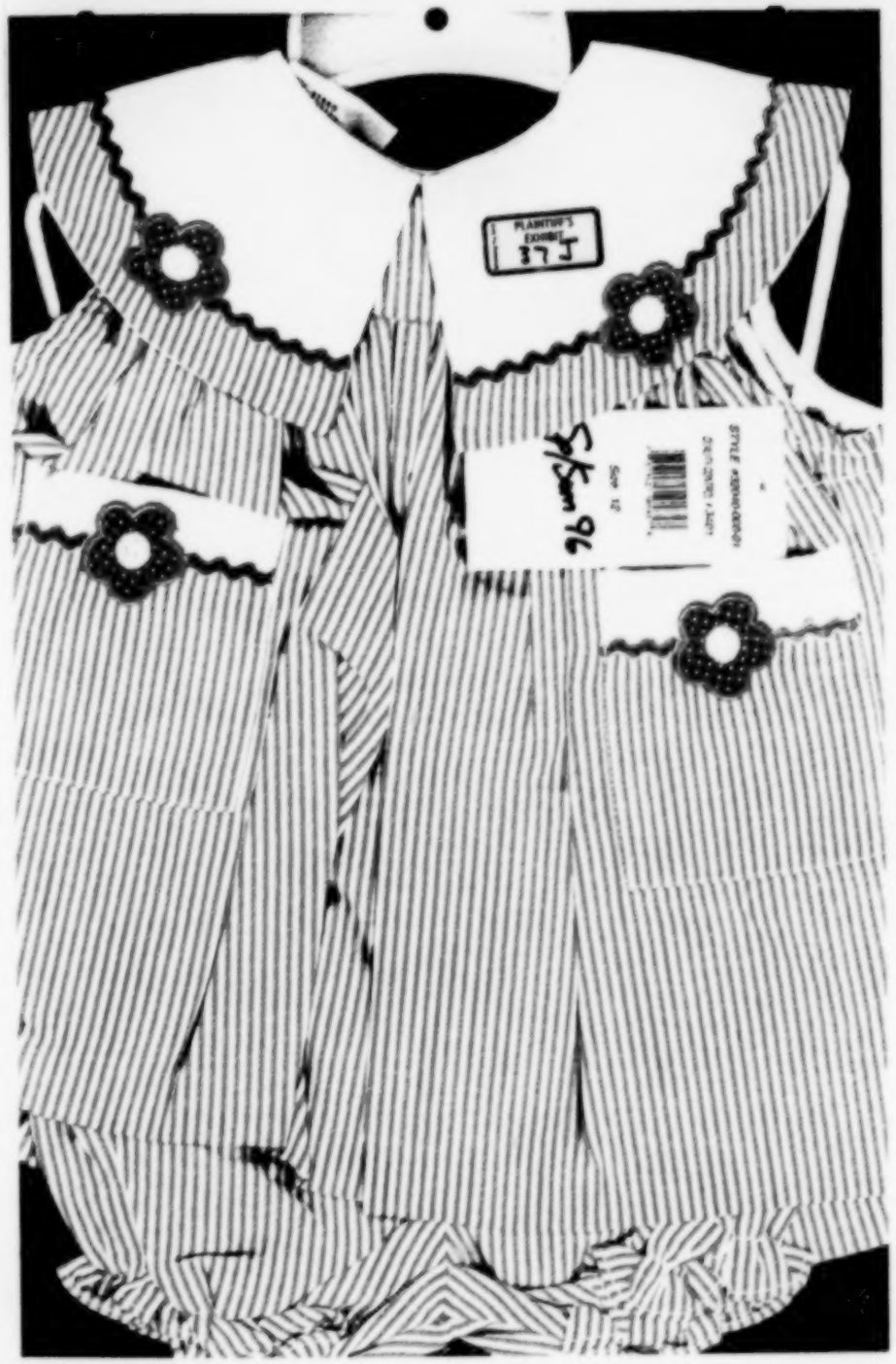
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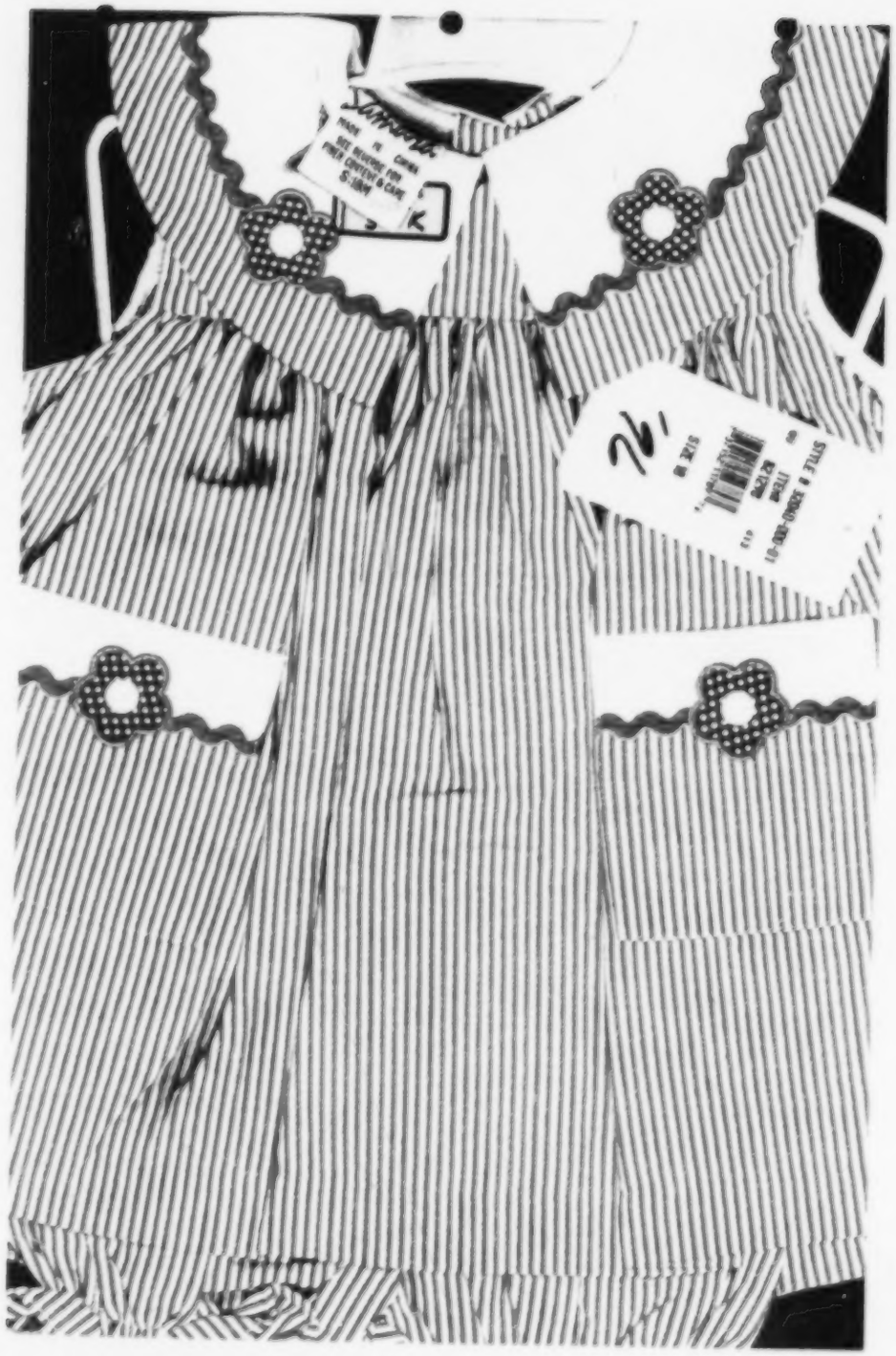
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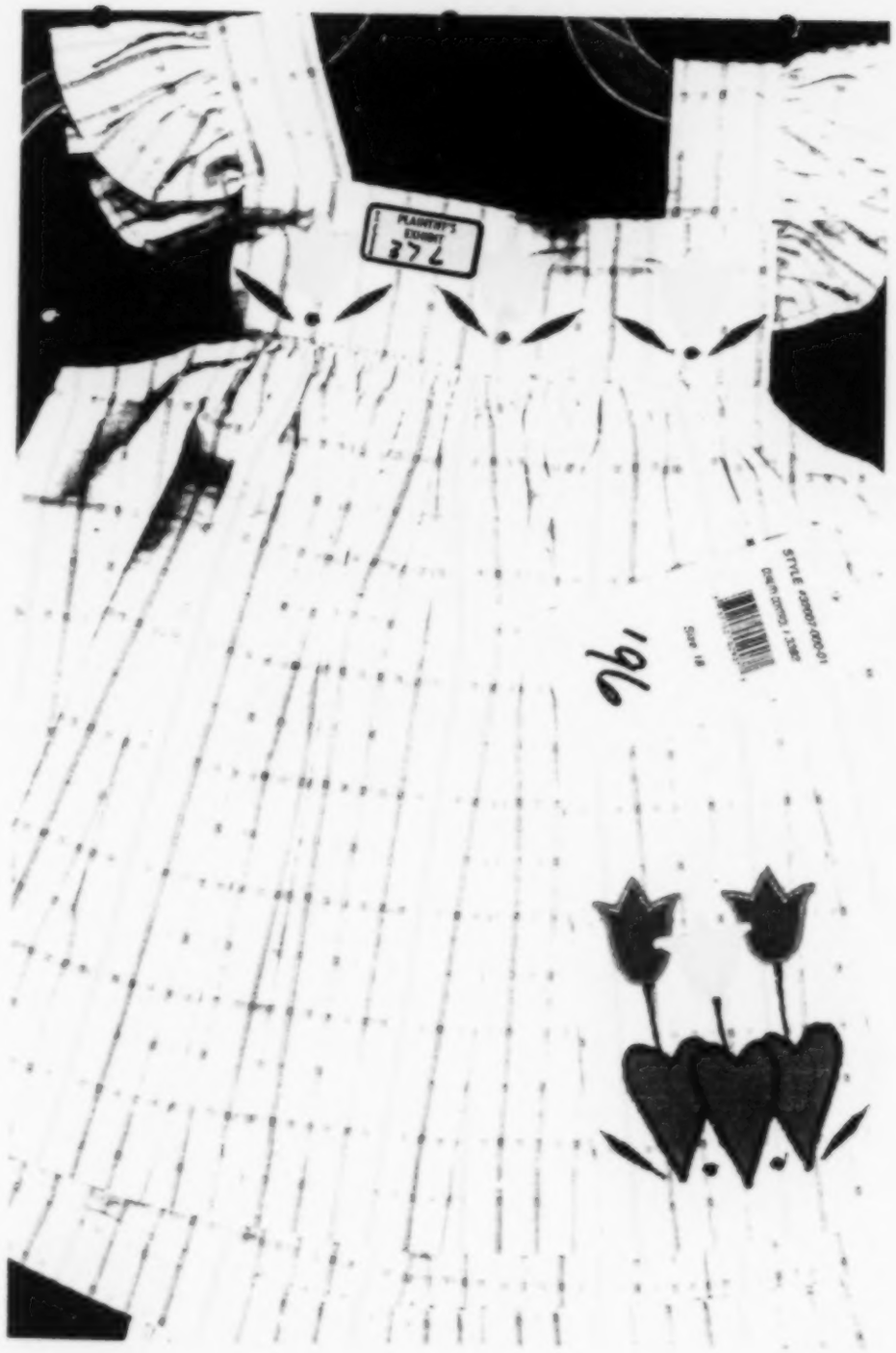
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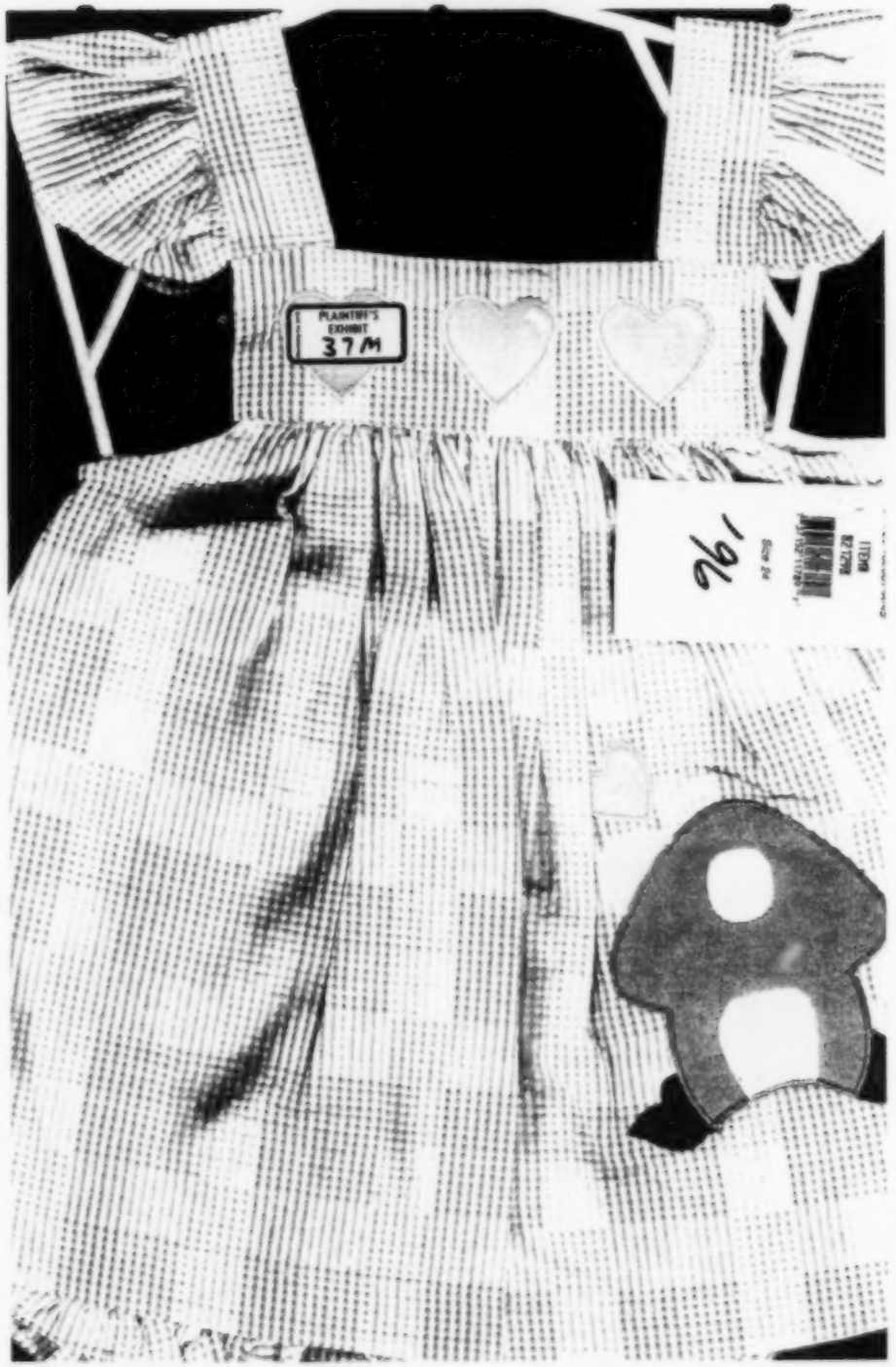
Plaintiff's Exhibit 37K



Plaintiff's Exhibit 37L



Plaintiff's Exhibit 37M



Plaintiff's Exhibit 37N



Plaintiff's Exhibit 37O



VENABLE, BAETJER, HOWARD & CIVILETTI, LLP
Including professional corporations

[Letterhead omitted in printing]

October 7, 1999

The Honorable Gregory W. Carman
Chief Judge
United States Court of International Trade
One Federal Plaza
New York, New, York 10278-0001

Re: *Samara Brothers, Inc. v. Wal-Mart Stores, Inc.*
Court Nos. 97-7933 (L); 97-9003 (Con)

Dear Judge Carman:

Thank you for your letter of September 17, 1999, advising us of your discovery concerning your wife's ownership of stock in Wal-Mart Stores, Inc. I have spoken to my client, Wal-Mart Stores, Inc., and they have advised me to take no action concerning your prior involvement in their case. For your information, the Supreme Court granted Wal-Mart's petition for a writ of certiorari on Monday, October 4, 1999.

Very truly yours,
/s/ William D. Coston
William D. Coston

WDC/mmcm
cc: Stuart M. Riback, Esq.
Chief Judge Ralph K. Winter, Jr., Second Circuit Court of Appeals
Circuit Judge Fred I. Parker, Second Circuit Court of Appeals
Senior Circuit Judge Jon O. Newman, Second Circiuit Court of Appeals

Supreme Court, U.S.
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No. 99-150

IN THE

Supreme Court of the United States

WAL-MART STORES, INC.,

Petitioner,

v.

SAMARA BROTHERS, INC.,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

BRIEF FOR PETITIONER

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6/28

QUESTION PRESENTED

What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade dress protection?

PARTIES TO THE PROCEEDING AND STATEMENT PURSUANT TO RULE 29.6

All parties in the Court of Appeals are designated in the caption. Petitioner Wal-Mart Stores, Inc. does not have a parent company and no publicly held company owns 10% or more of the stock of Wal-Mart Stores, Inc.

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CITATIONS TO DECISIONS BELOW

The opinion of the District Court is reported at 969 F. Supp. 895 (S.D.N.Y. 1997), and reproduced as Appendix B to Wal-Mart Stores, Inc.'s Petition for a Writ of Certiorari ("Pet."). The opinion of the Court of Appeals is reported at 165 F.3d 120 (2nd Cir. 1998), and reproduced as Appendix A to the Petition. The unreported Order of the Court of Appeals denying rehearing and rehearing en banc is reproduced as Appendix D to the Petition.

JURISDICTION

Jurisdiction in this Court is founded on 28 U.S.C. § 1254(1) in that this is a review of a decision of the Court of Appeals for the Second Circuit. The judgment of that Court was entered on December 28, 1998. (Pet. App. A.) A timely Petition for Rehearing was filed on January 11, 1999, and was denied on April 21, 1999. (J.A. 11; Pet. App. D.) A timely petition for a writ of certiorari was filed on July 20, 1999 and granted by Order entered October 4, 1999.

STATUTORY PROVISIONS INVOLVED

This case involves the scope of protection provided for the configuration of goods in a line of products claimed as trade dress under § 43(a)(1) of the Lanham Act, 15 U.S.C. § 1125(a)(1), which provides a cause of action against any person who:

> on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, which –
>
> > (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the

> origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person….

Section 2 of the Lanham Act, 15 U.S.C. § 1052, permits registration of a "trademark" on the principal register under the following terms:

> No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it –
>
> * * *
>
> (e) consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them… (5) comprises any matter that, as a whole, is functional.
>
> (f) …nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Commissioner may accept as prima facie evidence that the mark has become distinctive… proof of substantially exclusive and continuous use thereof as a mark by the applicant for… five years….

Section 23(c) of the Lanham Act, 15 U.S.C. § 1091(c), permits registration of "a mark" on the supplemental register under the following terms:

> For the purposes of registration on the supplemental register, a mark may consist of any trademark, symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral, device, any matter that as a whole is

> not functional, or any combination of the foregoing, but such mark must be capable of distinguishing the applicant's goods or services.

Section 45 of the Lanham Act, 15 U.S.C. § 1127, defines a "trademark" for purposes of the Lanham Act as including:

> any word, name, symbol, or device, or any combination thereof… used by a person… to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

STATEMENT OF THE CASE

This case involves the scope of protection under §43(a) of the Lanham Act, 15 U.S.C. § 1125(a), for product configurations – here, children's seersucker clothing adorned with a variety of appliqués depicting common themes such as flowers, fruits, and hearts. The case comes before the Court on a petition granted to review a divided decision of the Second Circuit. That court affirmed a trial court judgment that the plaintiff, Samara Brothers, Inc. ("Samara") had an "inherently distinctive," and thus protectable, trade dress in the "look" of its children's apparel, and that the defendant, Wal-Mart Stores, Inc. ("Wal-Mart"), infringed that trade dress by selling similar goods.

Samara is a manufacturer of children's clothing, some sold to consumers under its own "Samara" label, and some sold to consumers under the labels of Samara's retail store customers, such as Belk, Carters, and Atkins. (J.A. 39-41.) Wal-Mart is a national chain of retail stores that sells, among other items, children's clothing, which it purchases from third-party vendors. (Pet. App. A at 2.)

In 1996, Samara learned that Wal-Mart's vendor, Judy-Philippine, was manufacturing and selling to its retail store customers garments that resembled Samara's styles. (J.A. 15.) Before suing, Samara obtained copyright registrations for certain of its appliquéd designs – such as strawberries, hearts, and daisies – and/or for the layout of such appliqué designs on collars and pockets, as displayed on children's seersucker clothing.[1] (J.A. 36-37.) Samara then filed suit against Judy-Philippine and five of Judy-Philippine's retail customers, including Wal-Mart. (J.A. 1; *see also* J.A. 12-23.) Samara asserted several different causes of action – specifically, federal copyright claims, claims under § 43(a) of the Lanham Act, and state law claims. (J.A. 17-22.) Shortly before trial, all defendants except Wal-Mart settled. (*See* J.A. 273-77.)

At trial, Samara sought damages for Wal-Mart's sale of: (1) garments that incorporated copyrighted elements; and (2) other garments that did not incorporate copyrighted elements, but which were claimed to be part of a protectable "Samara look." (J.A. 201-204.) With respect to the latter claim – the trade dress claim – Samara contended that its "look" was inherently distinctive under the Lanham Act and that the sale of similar products by Wal-Mart produced confusion in the minds of consumers as to the source of Wal-Mart's goods (*i.e.*, consumers buying the garments sold by Wal-Mart thought they were buying Samara's products). (J.A. 20.) Samara offered no evidence of actual confusion among consumers. (J.A. 131; *see also* Pet. App. B at 49.) It relied instead on evidence that Wal-Mart knew that its vendor copied Samara's styles and that Wal-Mart thus intended to deceive customers. (*See* Pet. App. B at 49.)

---

[1] A copyright must be registered before a copyright infringement action may be brought thereon. *See* 17 U.S.C. § 411.

The jury found for Samara on all counts. (J.A. 149-54.) It awarded $912,856.77, representing Wal-Mart's profits, for infringement of thirteen copyrighted Samara appliqué designs. (J.A. 150-52.) The jury also awarded $240,458.53 under the Lanham Act for copying the trade dress of Samara's clothing line, based on sales of other garments similar to non-copyrighted Samara styles. (J.A. 152.) The District Court entered an injunction which prohibited Wal-Mart from selling garments, which copied, "directly or indirectly," Samara's garments or appliques, or which were designed "using any Samara garment, applique, or applique arrangements or combinations as a source or basis." (Pet. App. C at 57.)

During the trial, Wal-Mart moved for Judgment as Matter of Law. That Motion was reserved and eventually denied when it was renewed after the verdict was rendered. (Tr. 707.) The appeal to the Second Circuit challenged the denial of the Motion for Judgment as a Matter of Law and also raised other issues not within the scope of the Question Presented. After briefing and argument, the Court of Appeals for the Second Circuit affirmed in part and reversed in part in a 2-to-1 decision authored by Judge Parker and joined by visiting Judge Carman from the International Court of Trade.[2] (Pet. App. A.) The majority rejected the trade dress claim for two of the sixteen garments sold by Wal-

---

[2] On September 20, 1999, Judge Carman informed the parties that he had recently learned that his wife owned Wal-Mart stock during the course of this appeal. (J.A. 11.) He promptly removed himself from any further participation in the case, including the pending consideration by the Court of Appeals of Samara's request for attorney's fees in connection with the appeal. Because Judge Carman did not know of his wife's ownership at the time he participated in the appeal, the appellate decision itself has not been affected by his subsequent recusal. Wal-Mart has informed Judge Carman that it will take no action on the matter. (J.A. 328.)

Mart, but upheld the balance. (Pet. App. A at 7-22.) In so doing, the majority crafted its own articulation of Samara's trade dress and instructed the trial court on how to fashion an injunction. (*Id.* at 18-20.)

Senior Judge Newman dissented and would have reversed the entire trade dress judgment, concluding that the "look" of Samara's line of dresses was not distinctive. (Pet. App. A at 31-32) ("On the facts of this case, it was not reasonable to find distinctiveness of Samara's entire product line."). Judge Newman also would have reversed the jury verdict and judgment on several of the copyright claims. (*Id.* at 39-41.) A timely Petition for Rehearing and Rehearing en Banc was filed, and denied in an Order entered on April 21, 1999. (Pet. App. D.) On remand, the trial court entered an injunction that largely tracked the appellate court's opinion. (*See* Pet. App. D. at 18-20 (appellate opinion) and J.A. 283-327 (final judgment with attachments)).

This is one of the increasingly common cases in which a manufacturer does not have a patent, a copyright, or a registered trademark, but instead seeks to protect, under § 43(a) of the Lanham Act, a claimed trade dress in the configuration of products comprising a line of goods. In these cases, the owner often claims that the product configurations are "inherently distinctive," and that, as a result, the owner need not prove that customers view the configurations as an indicator of the source of the goods.

The trade dress claimed here is based entirely on the visible features of the garments themselves. It is not based on any word, term, name, singular symbol, or singular device; nor is it expressed in the packaging of the products. Rather, the trade dress claim is based upon the elements that constitute the products themselves – "conservative" children's garments made of seersucker fabric, with a variety

of "large, bold" appliqués, which are often placed in the collar. (*See* Pet. App. A at 13.)

Here, the claimed trade dress varies significantly from garment to garment. It has defied easy definition, as the textual description of the claimed trade dress has changed regularly over the course of this case – from complaint (J.A. 14-15), to opening statement (J.A. 25-26), to proposed injunction (J.A. 279-81), to the initial injunction (Pet. App. C at 57), to the Court of Appeals decision (Pet. App. A at 18-20), and to the final injunction (J.A. 284-85). Prior to this litigation, there had never been any articulation of the "Samara look" that comprises the alleged trade dress. And, as the Court of Appeals observed, there is no claim that the trade dress has acquired secondary meaning.[3] (Pet. App. A at 8) ("At the outset, we note that there is no assertion in this case that Samara's seersucker garments have acquired 'secondary meaning' in the marketplace.")

In short, this is the vexing type of product configuration case that has caused a pronounced split in the Circuits and among legal commentators as to what must be established to obtain protection under the Lanham Act for a product configuration. As noted recently by Judge Posner, "[t]he courts [in product configuration cases] have struggled to articulate a standard for when a trade dress is sufficiently distinctive to be entitled to a prima facie protection of the Lanham Act." *Publications Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 338 (7th Cir. 1998), *cert. denied*, 119 S. Ct. 1498 (1999).

---

[3] As defined by this Court, "'secondary meaning' is acquired when 'in the minds of the public, the primary significance of a product feature… is to identify the source of the product rather than the product itself.'" *Qualitex Co. v. Jacobsen Products Co.*, 514 U.S. 159, 163 (1995).

SUMMARY OF ARGUMENT

1. The starting point for analysis of the question presented is the text of the Lanham Act itself. The Act, in § 23(c), sets out that a "configuration of goods" be treated as a mere "mark" which, standing alone, may only be registered on the supplemental register. 15 U.S.C. § 1091(c). A configuration of goods mark, it would appear, can only cross-over to "trademark" status, and obtain the benefits of registrability awarded by the Lanham Act, on proof of secondary meaning. 15 U.S.C. §§ 1052 (e) and (f). This interpretation is consistent with the legislative history, which shows that members of Congress did not intend for product configurations to be accorded "trademark" status absent secondary meaning. Because there is no secondary meaning, under this reading of the statute the claimed Samara trade dress is not registrable. As it is not registrable as a trademark under § 2, it is not protectable under § 43(a) of the Act, 15 U.S.C. § 1125(a). *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).

If the Court does not accept this statutory construction, it should turn first to traditional law to determine whether a mark is "inherently distinctive." Under the *Abercrombie* test (*Abercrombie & Fitch, Co. v. The Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976), discussed in both *Two Pesos*, 505 U.S. at 768, and *Qualitex Co. v. Jacobsen Products Co.*, 514 U.S. 159, 163 (1995), the result is the same: a product configuration cannot be inherently distinctive. A product configuration is not arbitrary, fanciful, or suggestive of a relationship between the trade dress and the product: the dress is the product. Under *Abercrombie*, a product configuration trade dress is "descriptive." By law, "descriptive" trade dress is only registrable under § 2, and hence protectable under § 43(a), on proof of secondary meaning. Product configuration is thus just like color in the

distinctive spectrum – it requires secondary meaning to be protectable. *See Qualitex*, 514 U.S. at 163.

2. If this Court chooses to articulate a different test than *Abercrombie*, Wal-Mart suggests this: an "inherently distinctive" product configuration is a *consistent and particular design that is so unique as to be automatically, immediately, and primarily perceived as indicating the origin of the goods*. This test is drawn from this Court's precedent, appellate court decisions, legal treatises, the Restatement of Unfair Competition, and the manual used by trademark examiners to assess registrability of marks.

3. Under any test, Samara's trade dress is not inherently distinctive. Each garment in the Samara line is materially different from the next – there is no consistency. In three years of active litigation, neither Samara nor the lower courts have been able to define the trade dress with particularity. Nor is the trade dress "unique" in a source identifying way. The elements are all common – seersucker fabric in a variety of hues, appliques of common shapes, ric rac, collars, and simple shapes. No reasonable person looking at the apparel would automatically and immediately conclude that the primary purpose of the design was to identify the maker. Rather, the immediate appeal is purely aesthetic.

ARGUMENT

I.

A PRODUCT'S CONFIGURATION IS, BY STATUTE AND JUDICIAL PRECEDENT, "DESCRIPTIVE" OF THE PRODUCT AND CAN NEVER BE "INHERENTLY DISTINCTIVE" FOR PURPOSES OF § 43(A) OF THE LANHAM ACT.

In its two most recent pronouncements in the field of trademarks and trade dress, this Court has established some clear principles. First, some trade dress may be "inherently distinctive" under § 43(a) of the Lanham Act. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774-776 (1992). In such cases, proof of secondary meaning is not required. *Id.* Second, there are nonetheless some categories of trademarks – and, by necessary implication, some categories of trade dress – that can never be "inherently distinctive." *See Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 162-63 (1995). In *Qualitex*, this Court held that an applicant seeking to register a color as a trademark must always demonstrate secondary meaning, because a color cannot be inherently distinctive: "A product's color is unlike 'fanciful,' 'arbitrary,' or 'suggestive' words or designs, which almost *automatically* tell a customer that they refer to a brand." *Id.* (emphasis in original).

Careful consideration of those opinions and the text of the Lanham Act itself demonstrate that, like color, a product configuration can never be "inherently distinctive." Employing the traditional *Abercrombie* rubric of trademark classifications, a product's configuration is always "descriptive" of the good – it is, in fact, the good itself. Thus, a product configuration can obtain protection under the Lanham Act only if the plaintiff can demonstrate secondary meaning.

While this proposition may appear bold, it is advanced only after close examination of the statute, this Court's precedent, other appellate court decisions, and the policies underlying the Lanham Act.

A. The Literal Text Of The Lanham Act Suggests That Secondary Meaning Is Required In Product Configuration Cases.

In starting an analysis of the scope of protection under § 43(a), "[i]t is appropriate to begin with the relevant text...." *Two Pesos*, 505 U.S. at 777 (Stevens, J., concurring). A brief tour of the Lanham Act suggests that Congress, in enacting the statute, determined that product configurations require secondary meaning to be protectable.

The entire Lanham Act, 15 U.S.C. §§ 1051 *et seq.*, has three separate subchapters: (1) the principal register (§§ 1-22); (2) the supplemental register (§§ 23-28); and (3) general provisions (§§ 29-51). The first subchapter discusses registration on the principal register. Registration on that register confers significant advantages over unregistered marks: priority over other persons on a nationwide basis (§§ 7(c) and 22, 15 U.S.C. §§ 1057(c) and 1072); foreign priority pursuant to treaties[4]; U.S. Customs Service exclusion of infringing imports (§ 42, 15 U.S.C. § 1124); incontestable status (§ 15, 15 U.S.C. § 1065); and, perhaps most important, *prima facie* evidence of validity and ownership (§ 7(b), 15 U.S.C. § 1057(b)). *See Qualitex*, 514 U.S. at 174 (discussing advantages of registration: "Trademark law helps the holder of a mark in many ways that 'trade dress' protection does not.").

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[4] *E.g.*, Article 4 of the International Convention for the Protection of Intellectual Property, 25 Stat. 1372, T.S. No. 379 (Paris Convention) as revised, 21 U.S.T. 1629, 1631, T.I.A.S. No. 6923, 828 U.N.T.S. 107 (Stockholm text).

The second subchapter of the Act pertains to registration on the supplemental register. Registration on that register is available to certain "marks" which, while "capable" of distinguishing an applicant's goods (§ 23(c), 15 U.S.C. § 1091(c), are "not registrable on the principal register...." Section 23(a), 15 U.S.C. § 1091(a). Registration on the supplemental register does not bestow the same benefits of *prima facie* validity, ownership, exclusive rights, nationwide priority, constructive use, incontestability, or Customs Service protection. 2 Jay. R. Dratler, Jr., *Intellectual Property Law* § 11.03(6)(b) (1999 ed.).

The third subchapter contains remedies for infringement of *registered* marks (*e.g.*, § 32, 15 U.S.C. § 1114), and, of particular note here, a remedy for two kinds of unfair competition under § 43(a), 15 U.S.C. § 1125(a). Section 43(a) addresses two separate types of claims: (1) infringement claims without regard to whether there is a registration, § 43(a)(1)(A); and (2) unfair advertising claims, § 43(a)(1)(B).

This Court has definitively connected the registrability provisions of the Lanham Act to the scope of protection found in § 43(a):

> [I]t is common ground that § 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).

Two Pesos, 505 U.S. at 768. Stated another way, an unregistered trademark for which protection is sought under § 43(a) of the Lanham Act should be a mark that would

qualify for registration under § 2 of the Lanham Act – the section pertaining to the principal register.[5]

What do the registrability provisions of the Lanham Act inform us about the scope of protection under § 43(a) for product configurations? As a preliminary matter, and as emphasized in both *Two Pesos* and *Qualitex*, if the literal text of the Lanham Act does not explicitly differentiate between subject matter – *e.g.*, between "trade dress" and "trademark," or between "color" and any other identifier – then the Court will presume that Congress meant no distinction in those terms. *Two Pesos*, 505 U.S. at 774 (no "textual basis" for treating "inherently distinctive verbal or symbolic trademarks differently from inherently distinctive trade dress"); *Qualitex*, 514 U.S. at 162 (a literal reading of the statute does not treat color different than a shape, sound, or fragrance). Absent different textual treatment, a product configuration is like any other "mark" whose owner seeks trademark protection.

But, unlike "color" and "trade dress," the text of the Lanham Act and its legislative history *do* specifically address the term "configuration." Section 23(c) of subchapter 2 of the Lanham Act, pertaining to registration of marks on the supplemental register, says that a "mark," as distinguished from a "trademark," may consist of, *inter alia*, the "configuration of goods," if such *mark* is "capable of

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[5] A majority, but not all, of this Court appear to view the registrability standards of the Lanham Act as applicable to assessing the strength of an unregistered mark under § 43(a). *Compare Two Pesos*, 505 U.S. at 768 (majority opinion) with *id.* at 784 (Stevens, J.)(concurring in judgment and agreeing that "§ 43(a) is properly understood to provide protection in accordance with the standards for registration in § 2") and with *id.* at 787 (Thomas, J.) (concurring in judgment but noting that an interpretation of § 43(a) may be made "without regard to the rules that apply under the sections of the Lanham Act that deal with registration.").

distinguishing the applicant's goods or services." 15 U.S.C. § 1091(c). Essentially, the Lanham Act says that all trademarks are "marks," but not all "marks" may be "trademarks." And, it would appear, a product configuration is listed as a "mark" destined for the supplemental register unless and until the owner can prove that the mark acquired distinctiveness by proof of secondary meaning.

This is the only mention of "configuration" in the statute, and an examination of the legislative history shows that Congress specifically intended that a "configuration" could not serve as a "*trade*mark" without proof of secondary meaning. Stated another way, Congress made the judgment that product configurations were not inherently distinctive trademarks.

This analysis of the statute is bolstered by the legislative history. Congress enacted trademark legislation as early as 1870. The first comprehensive Trademark Act was enacted in 1905. It provided for a single register for trademarks and stated that if a mark were merely descriptive, it could not be registered. In 1920, Congress enacted the first provision for a "supplemental register" to implement provisions of the 1910 Buenos Aires Treaty and conform U.S. law with the trademark practices of other countries, which provided protection to "descriptive" as well as "distinctive" marks. *See Hearings on H.R. 9041 Before the Subcom. on Trademarks of the House Comm. on Patents, 75th Cong., 3d Sess.*, 181 (1938) (additional comments of Earl Thomson introduced by Fritz G. Lanham).

The 1920 provision allowed registration of "other marks not registrable under" the 1905 Act. *See* Trademark Act of 1920, Ch. 104, § 1, 41 Stat. 533. That language reflected a fundamental dichotomy in trademark law that persists today. "Marks" consist of any content that has the capacity to identify the source of goods or services. Under

the 1920 Act, a "mark" was registrable on the "principal register" as a "trademark" if it was inherently distinctive of the source of the goods. If a particular mark was *capable* of becoming distinctive of a specific source, but had not yet become so identified with a unique source, then it could only be registered on the "supplemental register."[6]

"Before 1946, product features ([such as] the shape, configuration, or design of a product) were not protected as trademarks and received protection, if at all, only under the doctrine of unfair competition."[7] Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 Emory L.J. 367, 375 (1999). "The provision for registration of 'configuration of goods" appeared in trademark laws for the first time in [§ 23 of] the Lanham Act." L. Amadur, *Trade-Mark Law and Practice*, § 8.2 at 80, 81 (1959 ed. Supp.). The term "configuration of goods" was first discussed in amendments considered in 1938. The proposed amendment clearly drew a distinction between "trade-marks" and "[m]arkings other than trade-marks… such as labels, packages, and configuration of goods." *Trademark Monopolies,* 48 Emory L.J. at 375. Such other markings were denied registration on the principal register because they were merely descriptive of the goods and not distinctive as to the source of those goods.

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[6] The 1920 Act "did not expressly provide… that the mark to be registrable, be capable of distinguishing applicants' goods (or services) – *i.e.*, possess trade-mark significance – although this was a requirement imposed by the Patent Office." Leon Amadur, *Trade-Mark Law and Practice*, § 8 at 668-669 (1st ed. 1948). The 1946 Act expressly placed that requirement in the statute itself.

[7] Common law unfair competition protected a product's trade dress only when it was shown that the configuration had attained "secondary meaning" as was perceived in the marketplace as a designation of source. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 158 (1989).

Similar discussion in 1939 included the comment that the "configuration of goods" concept encompassed only non-distinctive marks and "extended away beyond any trade-mark law." *Hearings on H.R. 4744 Before Subcomm. on Trademarks of the House Comm. on Patents, 76th Cong., 1st Sess.* 126 (1939). One discussion between Mr. Rogers and Rep. Lanham explained that the purpose of the "configuration of goods" language was to permit registration in foreign countries of a registration certificate not otherwise available under U.S. trademark law. *See id* at 125-137.[8]

In those and later hearings, legislators specifically discussed configuration of goods and specifically noted that configurations could only become trademarks registrable on the principal register if they acquired distinctiveness.[9] In the

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[8] "They do not have the same concept of trademarks down there [in Argentina] that we have; they regard, many of them, as trade-mark subject matter things that we consider designs.... Configuration of goods... the shape of a perfumery bottle... would be a design patent here. If we cannot get registration in this country for that sort of configuration we cannot get any protection in Argentina."); *see also Hearings on H.R. 9041 Before the Subcommittee on Trademarks of the House Committee on Patents*, 75th Cong., 3rd Sess. 181 (1938) (discussion between Mr. Rogers and Rep. Lanham).

[9] *See, e.g., Hearings on H.R. 4744 Before the Subcommittee on Trademark of the House Committee on Patents*, 76th Cong., 1st Sess. 126 (1939) (comments of Mr. Fuldner that adding "label, symbol, configuration of goods, slogan or phrase" was a "broad definition of a mark on the supplemental register which may, when it becomes distinctive of the goods, get on the principal register"); *id.* at 130 (Mr. Rogers: "There are a lot of marks that cannot qualify on the principal register; there are a lot of marks that have not become distinctive yet, but maybe will become later and, when they do, they can be transferred over into the principal register"); *id.* at 131 (Mr. Whitman: "[w]e should be very careful not to encourage the adoption and use by business of marks of this character, that is, the configuration of goods.... We have that provision on the principal register for filing descriptive marks... [which] may start out as bad marks... but, as soon as they become distinctive of many goods, they acquire a different meaning."); *see generally*

1946 legislation eventually adopted, Congress permitted registration on the supplemental register of any "mark" and stated that it "may consist of any trade-mark, symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral or device or any combination of any of the foregoing, but such mark must be capable of distinguishing the applicant's goods or services." *See* Lanham Act of 1946, Section 23, Pub. L. No. 489, 60 Stat. 540 (1946). That language plainly distinguished between "trade-marks" and a "configuration of goods." A fair reading of the Act and its history is that Congress considered a "configuration" as a "mere mark" which could not be a trademark without proof of secondary meaning.[10]

In subsequent years, Congress adopted certain amendments to § 23 without altering the reference to "configuration of goods." In the most significant overhaul to the Lanham Act, the Trademark Law Revision Act of 1988, P.L. 100-667, 102 Stat. 3935, Congress made some technical

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Trademark Monopolies, 48 Emory L.J. at 376-82 and nn. 8, 39-46 (discussing legislative history and concluding that it would be "absurd" to contend that "Congress intended . . . to recognize trade dress as registrable trademarks and to eliminate the secondary meaning and functionality requirements.")

[10] Simply because a mark is initially eligible for registration on the supplemental register does not mean that it could never *acquire* distinctiveness. Rather, the point of the observation is that, by statute, a product configuration cannot be inherently distinctive, and, as a matter of law, must acquire secondary meaning before it may be registered on the principal register. *See generally Application of Minnesota Mining and Manufacturing Co.*, 335 F.2d 836, 839 n.4 (C.C.P.A. 1964) (Rich, J.) (construing § 23 in a product configuration case and allowing registration on the supplemental register of a mark which "consists of the shape, all of it, and nothing more."). In that case, registration was permitted because the supplemental register does not require proof of secondary meaning, only that the mark might be "capable" of distinguishing source. *See* 15 U.S.C. § 1091(c).

amendments to § 23 which "will have no effects on the underlying rights of the registrant." S. Rep. No. 100-515, 100th Cong., 2nd Sess. 36 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5599. While there is some reference in the 1988 legislative history to registration of a "configuration of goods," there is no indication that Congress believed that any configuration of goods could, or could not, be considered "inherently distinctive."[11]

This legislative history supports the proposed construction of the Act: marks that consist of the configuration of the goods are never inherently distinctive and cannot be registered on the principal register unless and until it is shown that the mark has acquired secondary meaning.[12]

[11] S. Rep. No. 100-515, 100th Cong., 2nd Sess. 36 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5603 (Section 43(a) "has been applied to cases involving the infringement of unregistered marks, violations of trade dress and certain nonfunctional configurations of goods and actionable false advertising claims"); *see id.* at 5607 ("The revised definition [of trademark] intentionally retains... (iv) the words 'symbol or device' so as not to preclude the registration of colors, shapes, sounds or configurations *where they function as trademarks*"). (Emphasis added). This statement in the legislative history was reviewed, and relied upon, in *Qualitex*, 514 U.S. at 172-173. The statement does not support an argument that Congress has determined that product configurations could ever be inherently distinctive. Indeed, the *Qualitex* opinion, mindful of the identical passage, explicitly required secondary meaning before a color could be protected as a trademark. The same analysis applies here for product configurations claimed to be protectable as trade dress.

[12] Finally, this construction is supported by a closer comparison of the text of § 43(a) and § 45, which defines a "trademark." The subject matter of § 43(a)(1) is any "word, term, name, symbol, or device or any combination thereof." This scope is virtually identical to the statutory definition of a "trademark" found in § 45 of the Act – "the term trademark includes any word, name, symbol, or device of any combination thereof." 15 U.S.C. § 1127. By implication, if something cannot *qualify* for "trademark" protection, it cannot be protected under the Lanham Act. As we have demonstrated, a product configuration can only serve as a "trademark" if there is secondary meaning. The omission of "configuration of goods" in these sections, and the inclusion of that term in the definition of a "mark" contained in the supplemental register subchapter, supports the notion that Congress intended that a product configuration "mark" could, at best, qualify to become a "trademark" *only* upon proof of secondary meaning.

B. Judicial Precedent Confirms That Product Configurations Are "Descriptive" And, Hence, Not Protectable Under The Lanham Act Absent Secondary Meaning.

The principal purpose of trademark law is to protect a mark "that distinguishes a firm's goods and identifies their source...." *Qualitex*, 514 U.S. at 166. The law will only protect a mark that is sufficiently distinctive to identify a source. *Id.* In both *Two Pesos* and *Qualitex*, this Court referred to the "classic formulation" used to classify marks by a range of distinctiveness: (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; and (5) fanciful. *Two Pesos*, 505 U.S. at 768; *Qualitex*, 514 U.S. at 163 (citing *Abercrombie & Fitch, Co. v. The Hunting World, Inc.*, 537 F.2d 4, 9-10 (2d Cir. 1976) (Friendly, J.)). "The latter three categories of marks, because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive...." *Two Pesos*, 505 U.S. at 768.

Only distinctive marks are registrable and hence protectable under the Lanham Act. *Id.* at 768-69. A "generic" mark, which refers to the "genus of which the particular product is a species," is never distinctive, never registrable, and hence never protectable under the Lanham Act. *Id.* (citation omitted). A "descriptive" mark is one that merely describes the product; it "identifies a characteristic or quality of an article... such as its color, odor, function, dimensions, or ingredients." *Zatarains, Inc. v. Oak Grove*

Smokehouse, Inc., 698 F.2d 786, 790 (5th Cir. 1983) (citation omitted). It can only be registered, and hence protected under the Lanham Act, if it has acquired secondary meaning. *Two Pesos*, 505 U.S. at 769.

A "suggestive" mark hints at or suggests, but does not describe, the nature, quality, characteristics of the products with which they are used. It requires "imagination, thought, and perception to reach a conclusion as to the nature of the goods." *Abercrombie*, 537 F.2d at 11 (quoting *Stix Products, Inc. v. United Merchants & Manufacturers, Inc.*, 295 F.Supp. 479, 488 (S.D.N.Y. 1968)). And, an "arbitrary or fanciful" mark is one that is sometimes made up and always arbitrary to the product; the term does not bear a relationship to the product. *See, e.g., Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526, 540 (5th Cir. 1998).

There is a clear split in the circuits as to whether these so-called "*Abercrombie*" factors should be applied in product configuration cases. The Eighth, Fifth, and Fourth circuits all hold that the *Abercrombie* factors govern in a product configuration case. *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780, 788 (8th Cir. 1995); *Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526, 540 (5th Cir. 1998); *Ashley Furniture Industries, Inc. v. Sangiacomo N.A., Ltd.*, 187 F.3d 363, 370 (4th Cir. 1999). These opinions generally contend that this Court, in *Two Pesos*, held that *Abercrombie* applies in all trade dress cases, regardless of whether the case is one of packaging or configuration, and regardless of whether it involves an individual product or a line of products. *E.g.*, *Stuart Hall*, 51 F.3d at 788.

On the other hand, both the Second and Third circuits have declared that the *Abercrombie* test makes no sense in a product configuration case. The Third Circuit, in *Duraco Products, Inc. v. Joy Plastic Enterprises Ltd.*, 40 F.3d 1431, 1434 (3d Cir. 1994), stated the proposition most eloquently:

> We conclude that traditional trade dress doctrine does not 'fit' a product configuration case because unlike product packaging, a product configuration differs fundamentally from a product's trademark, insofar as it is not a symbol according to which one can relate the signifier (the trademark, or perhaps the packaging) to the signified (the product). In other words, the very basis for the trademark taxonomy – the descriptive relationship between the mark and the product along with the degree to which the mark describes the product – is unsuited for application to the product itself.

The *Duraco* court adopted a different test to determine whether a product configuration is inherently distinctive: "a product configuration… must be (i) unusual and memorable; (ii) conceptually separable from the product; and (iii) likely to serve primarily as a designator of origin of the product."[13] *Id.* at 1449-50.

The Second Circuit, in two cases preceding the instant one, also rejected the application of the *Abercrombie* factors to a product configuration case. *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378 (2d Cir. 1997) and *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996, 1007-1008 (2d Cir. 1995). As stated in *Landscape Forms*, "it does not 'make sense' to apply the *Abercrombie* test directly to product design or product configuration cases." 113 F.3d at 377-78 (quoting *Knitwaves*, 71 F.3d at 1007). Agreeing with the Third Circuit, the Second Circuit observed that, in contrast to verbal marks, "one cannot meaningfully ask whether a product design's features are generic or otherwise descriptive of the product itself…." *Id.* at 378. The Second Circuit also proposes an alternative test:

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[13] The Eighth Circuit expressly rejected this formulation in *Stuart Hall*, 51 F.3d at 787.

"whether the design was likely to be understood as an indicator of the product's source." *Id.* To implement that test, the Second Circuit viewed as "useful tools" the factors set out in *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977). *Landscape Forms*, 113 F.3d at 378 n.3.

Finally, the First Circuit has adopted a middle ground. *See I.P. Lund Trading v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998). That appellate court rejected the invocation of the *Abercrombie* factors, but also rejected the Second and Third Circuits' contention that there is a distinction between product configuration and other trade dress claims. Rather, the First Circuit adopted outright the *Seabrook Foods* test. *I.P. Lund*, 163 F.2d at 40. According to the First Circuit, *Seabrook Foods* asks "whether the design, shape or combination of elements is so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicator of origin – a trademark."[14] *Id.* (citing 1 J. McCarthy, *McCarthy on Trademarks and Unfair Competition* § 8:13 (4th ed. 1996)).

If the Eighth, Fifth, and Fourth Circuits are correct that the *Abercrombie* factors should be applied to product configuration cases, it is apparent that, as with color, a product configuration can *never* rise above the category of "descriptive." A review of the *Abercrombie* factors as applied by the Fifth Circuit in the product configuration case, *Pebble Beach*, *supra*, illustrates this point. There, the Defendant, Tour 18, created golf courses consisting of golf holes copied from famous golf courses across the country. *Pebble Beach*, 155 F.3d at 533. Tour 18 copied the

[14] The Fourth Circuit in *Ashley Furniture* (187 F.3d at 371) and the Eighth Circuit in *Stuart Hall* (51 F.3d at 786) apply both *Seabrook Foods* and *Abercrombie*.

fourteenth hole from the famous Pebble Beach Course in Pebble Beach, California. The Pebble Beach company did not have a federal trademark registration, a copyright, or a design or utility patent on the design of the fourteenth hole. Rather, it sought to enjoin the defendant from copying the hole under a trade dress theory. Applying the *Abercrombie* factors to that claim, the court concluded that the golf hole was descriptive and, as such, could be protected only if it had acquired secondary meaning in the minds of the consuming public. *Id.* at 540-41.

The Fifth Circuit's rejection of the "inherently distinctive" categories – suggestive, arbitrary, or fanciful – is instructive. First, that court concluded that the golf hole could not be considered arbitrary or fanciful. Arbitrary and fanciful marks or trade dress must "bear no relationship to the products or services to which they are applied." *Id.* at 540 (citing *Zatarains, supra*, 698 F.2d at 791). The golf hole in question was an amalgamation of commonplace features of a golf hole, which clearly "bear a relationship to the product, a golf hole." *Id.* at 540. The court next concluded that the hole could not be suggestive. A suggestive mark or trade dress "suggests, rather than describes, some particular characteristics of the goods and services to which it applies and requires the consumer to exercise imagination in order to draw a conclusion as to the nature of the goods and services." *Id.* at 541 (citation omitted). Again, the court determined that the product configuration there – the features of the golf hole itself – created golf holes and nothing more. *Id.* at 540 ("They require no exercise of one's imagination to realize that one is viewing a golf hole."). Accordingly, the Court held that the golf hole designs could not be inherently distinctive under *Abercrombie*.[15] *Id.* at 540-41.

[15] In finding that a golf hole could not be inherently distinctive, the court specifically rejected an argument that, merely because a golf hole

As the *Pebble Beach* case illustrates, a product configuration cannot be inherently distinctive under the *Abercrombie* factors because the features of the trade dress sought to be protect constitute the product itself. This same observation is repeated elsewhere. For example, the Seventh Circuit noted that:

> [t]he only distinction courts make between trade dress generally and product configuration cases in particular is to require plaintiffs asserting a claim for infringement of trade dress in product configuration under § 43(a) of the Lanham Act to prove secondary meaning because a product's shape is never inherently distinctive.

Kohler Co. v. Moen, Inc., 12 F.3d 632, 641 n.11 (1993) (citing 1 McCarthy § 7:23[2] (collecting cases)).[16]

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design was "unique" among golf holes, it is inherently distinctive. The court refused to equate uniqueness with the inherent distinctiveness holding that: "[S]omething that is inherently distinctive is unique, but the converse is not necessarily true. A product may be unique and yet fail to be sufficiently distinctive to indicate source." *Id.* at 541 n.7 (citing 1 J. McCarthy, *McCarthy on Trademarks and Unfair Competition* § 8:134 at 8-35 to 8-36 (3d ed. 1994)); *see also In re D.C. Comics, Inc.*, 689 F.2d 1042, 1050-51 (C.C.P.A. 1982) (Nies, J., concurring) ("[I] have found no precedent... which recognizes the protectability of any *product* design as a trademark for that product without proof of distinctiveness, that is, distinctiveness as an indicator *of origin*, not simply that it is a distinctive design in the sense of being unusual.") (Emphasis in original).

16 *See also* Bradley K. Groff, *Bare-Fisted Competition or Palming Off? Protection of Product Design as Trade Dress under the Lanham Act*, 23 A.I.P.L.A. Q.J. 65, 78 (1995) ("When the trade dress in question comprises the configuration or design of a product itself, it is difficult to imagine how it can be any more than 'descriptive' of the goods as in fact, it is the goods."). *Compare* Jay R. Dratler, Jr., *Trademark Protection for Industrial Designs*, 1988 U.Ill. L. Rev. 887, 903 ("Unlike verbal marks, industrial designs do not describe anything; they 'just are.'").

A determination by this Court that *Abercrombie* applies, but that product configurations are always "descriptive" would certainly clarify the law, but not dramatically alter it. Indeed, this Court in *Qualitex* drew the same bright line recommended here with respect to the use of color as a mark. The Court acknowledged the classifications of *Abercrombie*, and concluded that there was no objection to the use of color alone as a trademark "where that color has obtained 'secondary meaning' (and therefore identifies a particular brand and thus indicates it's 'source')." *Qualitex*, 514 U.S. at 163; *see also id.* at 171-72 ("[Section 2(f) of the Lanham Act] permits an ordinary word, normally used for a nontrademark purpose (*e.g.*, description), to act as a trademark where it has gained 'secondary meaning.' Its logic would appear to apply to color as well.").

Although the Second Circuit has rejected the *Abercrombie* test in *Knitwaves, supra*, it drew the same lesson from this Court's *Qualitex* opinion: "[T]he Court [in *Qualitex*] concluded [that] a product's color is capable of indicating a product source, and thereby becoming eligible for trademark protection, only when it acquires secondary meaning as, over time, customers come to associate that color with the particular product." 71 F.3d at 1008 (citing *Qualitex*, 514 U.S. at 163). Just as *Qualitex* determined that color is neither arbitrary, nor fanciful, nor suggestive, the *Knitwaves* court similarly rejected those appellations in a product configuration setting:

> While 'arbitrary,' 'fanciful' or 'suggestive' packaging of a product may be presumed to serve this source identifying function and thus must be deemed *per se* distinctive of the source... the same presumption may not be made with regard to product features or designs whose primary purposes are likely to be functional or aesthetic.

Id. at 1008 (citation omitted); *see also* Restatement (Third) of Unfair Competition § 16, Comment b (1995) ("As a practical matter… it is less common for consumers to recognize the design of a product or product feature as an indication of source.… Product designs are therefore not ordinarily considered inherently distinctive and are thus normally protected only upon proof secondary meaning.").

C. A Construction That Requires Secondary Meaning In Product Configuration Cases Is Consistent With Public Policy As Expressed In The Common Law And By Congress In Design Patent And Industrial Design Legislation.

1. Section 43(a) is considered to be the federal codification of the common law of unfair competition. *See Two Pesos*, 505 U.S. at 780 (Stevens, J., concurring). The law of unfair competition "has its roots in the common law tort of deceit: its general concern is with protecting *consumers* from confusion as to source not the protection of providers as an incentive to protect innovation." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989) (emphasis in original). In *Bonito Boats*, a product configuration case, this Court adopted Judge Learned Hand's apt analysis in *Evescent Tool Co. v. Kilbow & Bishop Co.*, 247 F. 299, 301 (2nd Cir. 1917):

> [T]he plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy plaintiff's goods slavishly down to the minutest detail: but he may not represent himself as the plaintiff in their sale.

Bonito Boats, 489 U.S. at 157.

Given this singular purpose – protection of consumers against confusion as to the source of the goods –

this Court should adopt a construction of § 43(a) which tracks common law consumer protection principles in product configuration cases. Those cases typically require secondary evidence that the goods in question designate source: "the common law of unfair competition has been limited to protection against copying of non-functional aspects of consumer products *which have acquired secondary meaning* such that they operate as a designation of source." *Bonito Boats*, 489 U.S. at 158 (citations omitted) (emphasis added).

2. This Court, in a trilogy of cases striking down state unfair competition laws because of federal preemption, has underscored the importance of fostering competition – indeed, exact copying – in promoting consumer welfare. *See Bonito Boats, Inc.*, 489 U.S. at 168 ("By offering patent-like protection for ideas deemed unprotected under the present federal scheme, the Florida statute conflicts with the 'strong federal policy favoring free competition in ideas which do not merit patent protection.'") (citation omitted); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 233 (1964) (unlimited protection against copying that Illinois law accorded to an unpatentable item conflicted with the federal policy embodied in the patent laws); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964) (an injunction against copying an unpatentable article impermissibly "interfere[d] with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain."). [17]

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[17] *See also* Restatement (Third) of Unfair Competition § 16, Comment b (1995) ("[T]he competitive interest in copying product design is more substantial than in the case of packaging, containers, labels, and related subject matter.").

Collectively, those cases create a right to copy, free from state law restraints, the subject matter of expired design patents or matter which could have been patented under design patent law.[18] The source of preemption in these decisions is the design patent statute, 35 U.S.C. § 171. That provision allows the issuance of design patents to the inventor of "any new, original and ornamental design for an article of manufacture."[19] *Id.*; *see also Bonito Boats*, 489 U.S. at 148 ("To qualify for protection [under 35 U.S.C. § 171], a design must present an aesthetically pleasing appearance that is not dictated by function alone, and must satisfy the other criteria of patentability."). Justice O'Connor's opinion noted that the "Patent Clause itself reflects a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition...." *Id.* at 146.

Many courts thus look to the design patent provisions also as an expression of Congress' intent on how far trademark protection should extend to designs. *See, e.g., Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1508 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996) ("We conclude that patent law seeks the invention and the passing into the public domain of even what trade dress law would consider nonfunctional invention."); *Duraco, supra*, 40 F.3d at 1451 ("[I]f the

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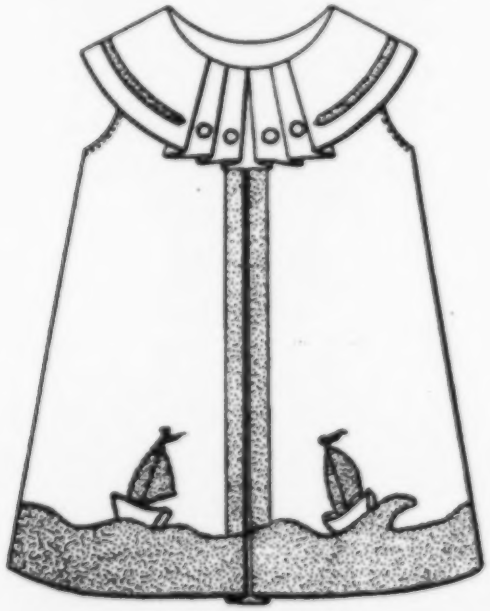
18 To be sure, the source of the *Sears/Compco/Bonito* rulings is the Constitution's Supremacy Clause – federal patent law preempts state unfair competition laws. Thus, the cases have no direct impact on the questions raised in the present case, involving the interpretation of separate federal statutes. *E.g., Ferrari SPA v. Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992).

19 A design patent provides monopoly protection for 14 years. 35 U.S.C. § 173. And, like any patent, if the product is "on sale" for more than one year prior to application, no patent may issue. 35 U.S.C. § 102(b).

consumer is likely to be motivated, in some more than incidental part, to buy a product because of a particular combination or arrangement of features, other than because that configuration signifies a source of the product, the penumbra of the patent laws – granting others a right to copy what has been donated to the public domain – will deny protection unless secondary meaning is first shown.").

For more than 60 years, creative dress designers have been able to obtain patent protection for clothing designs. The patent laws cover dress designs and the Patent Office will register unique designs. Hence, there is no policy reason to distort the law of trade dress to incentivize invention in this field.

For example, in 1936 the Patent Office issued U.S. Patent Des. No. 98,883 for a "new, original, and ornamental Design for a Dress" illustrated in the patent itself as:



Patent designs such as this contain a precise graphic depiction of the protected design. Unlike the vague and inconsistent "look" that Samara seeks to protect, design

patents inherently protect creativity while minimizing any adverse effect on competition. It is comparatively easy for a competing designer to avoid infringing a design patent. The drawing in the public patent file clearly marks the limits of protection.

In sum, Congress expressed the balance between innovation and competition in the product design field with the design patent statute.[20] That balance should be

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20 Congress has also repeatedly considered, and rejected, the enactment of legislation proposed to extend further protection to industrial designs. The history of such legislation is chronicled in *Duraco*:

> Moreover, design protection laws (which have repeatedly been introduced in Congress during virtually every session since 1917) have not once been enacted. *See In re Nalbandian*, 661 F.2d 1214, 1218-19 & n.1 (C.C.P.A. 1981)(Rich, J., concurring) (recounting the history of efforts to pass design protection legislation); *Esquire, Inc. v. Ringer*, 591 F.2d 796, 800 n.12 (D.C.Cir. 1978) (observing that since 1914 none of the approximately 708 design protection bills introduced in Congress had passed); Brown, *Design Protection: An Overview*, 34 U.C.L.A. L. Rev. at 1395 ('Beginning in 1957, a [design protection] bill has been introduced in probably every Congress....'); Dratler, *Trademark Protection for Industrial Designs*, 1988 U.Ill. L. Rev. at 888 & n.4, 904 & n.94 (stating that the history of the effort to have Congress enact industrial design legislation takes up 160 pages in a Copyright Office bibliography, and that between 1914 and 1945 at least 45 such bills were introduced in Congress); A. Samuel Oddi, *The Functions of 'Functionality' in Trademark Law*, 22 Hous. L. Rev. 925, 951 & n. 147 (1985); Glieberman, Note, *Overbroad Protection of Product Trade Dress*, 45 Stan. L. Rev. at 2070 & nn. 251-52; *cf. Bonito Boats*, 489 U.S. at 167-68, 109 S.Ct. at 986 ('It is for Congress to determine if the present system of design and utility patents is ineffectual in promoting the useful arts in the context of industrial design').

Duraco, 40 F.3d at 1446-47.

maintained here by avoiding the extension of patent-like monopoly through trade dress doctrine.

Most recently, Congress last year considered, but did not pass, a bill to define trade dress protection. *See* H.R. 3163, Trade Dress Protection Act, 105th Cong., 2d Sess. (1998). Parties opposing the bill stressed that it provided too much protection in product configuration cases. For example, The International Trademark Association ("INTA"), representing 3,500 members who own trademarks and serve trademark owners, did not support H.R. 3163 and further supported a distinction between packaging and configuration cases. ("INTA believes that trade dress claims for product configuration should be subject to a stricter standard than those relating to product packaging. Otherwise, trade dress laws might be used to preclude the availability of competitive substitute products....") U.S. House of Representatives Committee on the Judiciary, Testimony of David Stimson (last visited Nov. 17, 1999) <http://www.house.gov/judiciary.41152.htm>.

* * *

In short, the Court has two independent bases for determining that product configurations are never inherently distinctive: (1) the statute itself and its legislative history, which mentions configurations as "marks" registrable on the supplemental register; and (2) application of the *Abercrombie* test (as adopted by the Court in *Two Pesos*), which requires secondary meaning for descriptive marks, such as configurations. Each rationale is consistent with the underlying purposes of the Lanham Act as expressed in the common law, the design patent law, and other Congressional efforts.

If, however, this Court concludes that Congress did not intend to differentiate "configuration" marks from others in the statute, and if the Court further holds that *Abercrombie*

does not apply, we suggest an alternative test of inherent distinctiveness – one essentially similar to the *Seabrook* test utilized by the U.S.P.T.O.

II.

IN THE ALTERNATIVE, A PRODUCT CONFIGURATION IS "INHERENTLY DISTINCTIVE" ONLY WHERE THE CONFIGURATION IS A CONSISTENT AND PARTICULAR DESIGN THAT IS SO UNIQUE AS TO BE AUTOMATICALLY, IMMEDIATELY, AND PRIMARILY PERCEIVED AS INDICATING ORIGIN.

We argue in the alternative for a bright line test of "inherent distinctiveness" which will, in very few cases, allow an applicant to claim protection without proof of secondary meaning. A high standard is consistent with the common law, where protection has traditionally been limited to "copying of non-functional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source." *Bonito Boats*, *supra*, 498 U.S. at 158.

We propose a test which is drawn from several sources: judicial precedent, the Restatement (Third) of Unfair Competition, and the standards set out in the U.S. Patent and Trademark Office Trademark Manual of Examining Procedure ("TMEP"). The proposed test for inherent distinctiveness is: *a consistent and particular design that is so unique as to be automatically, immediately, and primarily perceived as indicating source.*

A. Consistent and Particular.

In his thoughtful and provocative opinion in *Publications Int'l*, *supra*, Chief Judge Posner of the Seventh Circuit acknowledges the struggle the courts have had in determining a standard for when a trade dress is sufficiently

distinctive to be entitled to protection. Judge Posner understandably finds that "efforts to define intuitive concepts such as 'distinctiveness' are often both futile and unnecessary." *Publications Int'l*, 164 F.3d at 339. Nonetheless, the opinion states:

> Publishers who want to distinguish their look-alikes from their competitors' – who want, that is to make their trade dress identify the publisher – can easily do so by adopting a distinctive logo, imposing a *uniform* design, typeface, or color on the covers of their books, printing their name prominently on the covers, or doing all these things….

Id. at 343 (emphasis added). A key word in Judge Posner's litany is: "uniform."

In the context of a claim of trade dress covering a line of goods, where "[the] concern for protecting competition is particularly acute," a greater emphasis is placed on consistency. *Landscape Forms, Inc.*, *supra*, 113 F.3d at 380. As observed by Judge Newman in his dissent below, "[n]o case has upheld trade dress protection on an alleged 'line' of products that depicts entirely different decorative objects, rendered in a wide variety of combinations and different colors." (Pet. App. A at 35.) A good example of protectable trade dress for a line of products is *Harlequin Enterprises Ltd. v. Gulf Western Corp.*, 644 F.2d 946, 948 (2d Cir. 1981), where "every book in the Harlequin Presents series is uniform in its dimensions, cover design and colophon."

Similarly, a plaintiff must "articulate and support its claimed trade dress with sufficient particularity." *Landscape Forms*, 113 F.3d at 381. There must be "a precise expression of the character and scope of the claimed trade dress" so that the claim is not "pitched at a improper level of generality…." *Id.*; *see also* TMEP § 1202.03(c) ("If an acceptable statement describing the mark is not in the record,

the examining attorney must require the applicant to submit such a description so it is clear what the applicant is seeking to register."); *id.* ("[I]n an application to register a mark with three-dimensional features, [a] drawing shall depict the mark in perspective in a single rendition.").[21]

B. Unique.

The Restatement (Third) of Unfair Competition § 16, Comment b, observes that "[t]rade dress that is unique and prominent can thus be inherently distinctive." *See also* 1 McCarthy § 8:13 (4th ed. 1996) (stating that the test of inherent distinctiveness is "whether the design, shape or combination of elements is so unique, unusual, or unexpected in [the] market that one can assume without proof that it will be automatically perceived by customers as an indicator of origin.").

Similarly, the oft-cited *Seabrook Foods* test states:

> In determining whether a design is arbitrary or distinctive this court has looked to whether it was a "common" basic shape or design, whether it was unique or unusual in a particular field, [or] whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods....

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21 As McCarthy explained:

> In some cases, neither the plaintiff nor the court defines exactly what the trade dress consists of, except for vague and indeterminate references to the 'overall appearance' or 'look'.... [T]his may well leave defendant uncertain as to what to do to avoid a charge of contempt and create dangers of anti-competitive over-protection....

1 McCarthy § 8:3.

Seabrook Foods, 568 F.2d at 1344; *see also Ashley Furniture, supra*, 187 F.3d at 371 ("[Under *Seabrook*], to qualify as inherently distinctive a design must be 'unique or unusual' in the 'particular field' at issue.").

The *Duraco* opinion is also instructive on this factor. The first element of that test for trade dress is that the product configuration be "unusual and memorable." *Duraco, supra*, 40 F.3d at 1449. That is, "it must partake of a unique, individualized appearance, so that a consumer informed of all the options available could reasonably rely on it to identify a source." *Id.*

C. "Automatically" Perceived As Indicating Source.

In *I.P. Lund*, *supra*, the First Circuit, construing *Seabrook*, stated that the test of inherent distinctiveness is: "whether the design, shape or combination of elements is so unique, unusual or unexpected in this market that one can assume without proof that it will *automatically* be perceived by customers as an indicator of origin...." 163 F.3d at 40 (emphasis added) (citing 1 McCarthy § 8:13). The "automatically" factor is also consistent with *Qualitex*, where this Court distinguished color from "fanciful," "arbitrary," or "suggestive" words or designs, "which almost *automatically* tell a customer that they refer to a brand." 514 U.S. at 162-63 (emphasis in original).

D. "Immediately" Perceived As Indicating Source.

Under the TMEP § 1202.03(b)(i), the basic test for inherent distinctiveness employed by an Examiner in a product configuration case is "whether the purchasing public would immediately recognize the configuration as being a mark." (Emphasis added). This is consistent with Judge Posner's observation that an inherently distinctive trade dress allows a consumer to "know[] at a glance who made it...." *Publications Int'l*, 164 F.3d at 339.

E. "Primarily" Perceived As Indicating Source.

To be inherently distinctive, a mark must serve "primarily" as an indicator of source. This concept is drawn principally from the *Knitwaves*, *Landscape*, and *Duraco* opinions. *Knitwaves*, 71 F.3d at 1008; *Landscape*, 113 F.3d at 378; *Duraco*, 40 F.3d at 1449. The First Circuit in *I.P. Lund*, *supra*, also adopted this concept and found it consistent with the *Seabrook Foods* test. That is, part of a configuration's "distinctiveness" is determined by whether the design "is likely to serve primarily as a designator of origin of the product." *I.P. Lund*, 163 F.3d at 41 (citations omitted).

On this point, it is not the intent of the trademark owner that is determinative.[22] Rather, the issue is whether a person seeing the configuration would view the configuration primarily as an indicator of source or primarily as an expression of the product's utilitarian or aesthetic function.[23] In short, how would a person answer the question: what is the primary reason that this product looks this way?

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22 *See generally* 1 McCarthy § 8:13 (stating that "the intent of the designer is a very weak indicator of the likely reaction of potential customers.").

23 This Court in *Qualitex* acknowledged the "aesthetic functionality" doctrine as it is set forth in the Restatement. *Qualitex*, 514 U.S. at 170 (quoting Restatement (Third) of Unfair Competition § 17, Comment c, pp. 175-76 (1993))("[I]f a design's 'aesthetic value' lies in its ability to 'confe[r] a significant benefit that cannot practically be duplicated by the use of alternative designs,' then the design is 'functional.'"). By statute, a mark that is functional is non-registrable. Lanham Act § 2(e)(5), 15 U.S.C. § 1052(e)(5). Some view the "functionality" of a mark as the "primary legal rubric" for assessing the proper scope of trademark protection for configurations. Jay R. Dratler, Jr., *Intellectual Property Law*, § 9.02[3](b) at p. 9-34.11 (1999 ed.).

The TMEP is also instructive on this point: "Subject matter which is merely a decorative feature of part of the 'dress' of the goods does not identify and distinguish the applicant's good and, thus, does not function as a trademark. Such matter should be refused registration because it is merely ornamentation and thus, does not function as a trademark...." TMEP § 1202.04.

F. Indicating Source.

The principal purpose of the Lanham Act is to protect only those marks that are source-identifying. 15 U.S.C. § 1127; *Two Pesos*, 505 U.S. at 768. In order to be inherently distinctive, then, the proposed trade dress must be inherently distinctive as to the source of the goods. This element is consistent with the definition proposed by McCarthy: "whether the design, shape or combination of elements is so unique, unusual, or unexpected in the market that one can assume without proof that it will be automatically perceived by customers *as an indicator of origin*." 1 McCarthy § 8:13 (emphasis added).

III.

UNDER EITHER ALTERNATIVE, SAMARA DOES NOT HAVE PROTECTABLE TRADE DRESS.

Applying the proper law to the facts of this case leads to an inescapable conclusion: Samara's line of children's garments is not a protectable trade dress. Whether compelled by statute, by the *Abercrombie* test, or by a revamped definition of inherent distinctiveness, the garments, while aesthetically pleasing, are not source-identifying.

Under the statutory construction discussed in Section I, the Samara trade dress is not protectable. The claimed trade dress consists entirely of design features of the products themselves – children's clothing; as a

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"configuration of goods," it cannot be inherently distinctive under the Lanham Act as Congress constructed that statute. In the alternative, the trade dress is necessarily "descriptive" under the *Abercrombie* test and has not been buttressed by a showing of secondary meaning. (*See* Pet. App. A at 8.)

Under the alternative standard proposed above in Section II, the trade dress claimed by Samara does not qualify for protection:

- The claimed trade dress is not consistently applied to all Samara garments and cannot be described with particularity.
- The claimed trade dress uses a common fabric and common elements and thus is not "unique."
- The viewer's "immediate" and "automatic" response to the garment is not an association with the source of the goods, but is a response to the aesthetics.
- The "dress" itself is not "primarily" source-identifying, but is aesthetic.

As a result, even if this Court determines that trade dress could be inherently distinctive, it should nonetheless find Samara's trade dress not to be inherently distinctive, or, in the alternative, remand the case to the Second Circuit for reconsideration of that issue under the standard enunciated in this case.

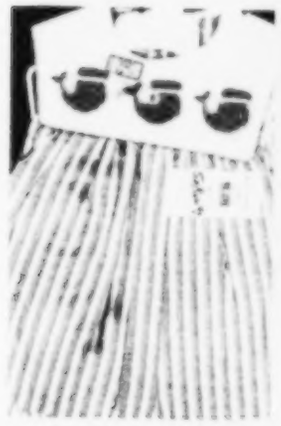
A. Samara's Claimed Trade Dress Is Not Consistent, Nor Is It Particularly Described.

Samara's claimed trade dress does not meet the first element of the proposed alternative test and, hence, cannot be found to be inherently distinctive. It fails to meet that element because: (1) the "Samara look" does not demonstrate a consistent or uniform trade dress; and (2) the claimed trade dress cannot be articulated with particularity.

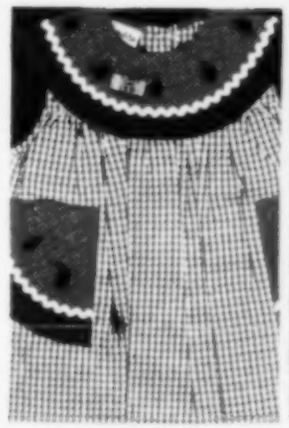
1. The record before this Court contains a number of color photographs of the children's clothing manufactured by Samara and sold under the Samara label. (*See* J.A. 287-327.) A review of those garments, as was found by the Court of Appeals, shows that the trade dress claimed by Samara is not consistent throughout the Samara line. (*See* Pet. App. A at 20 & n.5.)

A sampling of those garments are reproduced on the next page to illustrate the inconsistency of the designs: the dresses have different silhouettes (*e.g.*, garments 2, 3, 4, 6), different applique arrangements (*e.g.*, garments 2, 3, 4, 6), and different colors (*e.g.*, garments 2, 4, 5, 6); some have scalloped collars (*e.g.*, garment 7), some have split collars (*e.g.*, garment 4), some have no collar at all (*e.g.*, garments 3, 6, 8); some have pockets (*e.g.*, garments 2, 4), some do not (*e.g.*, garments 1, 3, 5); some are two-piece (*e.g.*, garments 4, 6), some are one-piece (*e.g.*, garments 2, 3, 5); some have appliques inside the collar line (*e.g.*, garment 5), some have appliques along the collar line (*e.g.*, garment 7), and some have appliques that make up the entire collar (*e.g.*, garment 2, 9).

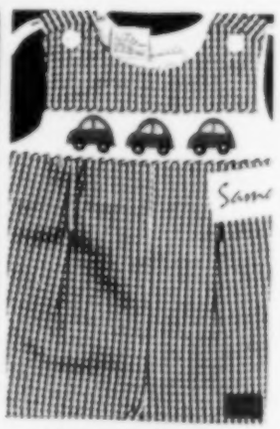
Examples of Garments Included in the "Samara Look"



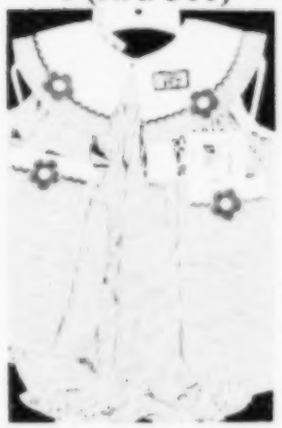
1 (J.A. 311)



2 (J.A. 297)



3 (J.A. 295)



4 (J.A. 322)



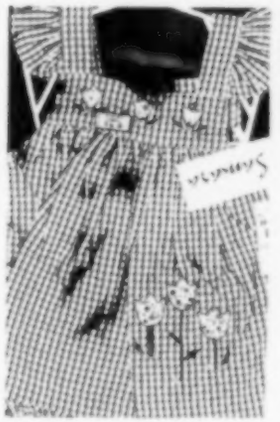
5 (J.A. 294)



6 (J.A. 288)



7 (J.A. 317)



8 (J.A. 304)



9 (J.A. 326)

The Second Circuit's definition of Samara's trade dress further demonstrates the inconsistent nature of the so-called "look":

> The protected trade dress will include most if not all of the following: seersucker fabric used exclusively; two or three identically shaped and symmetrically placed cloth appliques (not screen printed) substantially similar to appliques displayed on Samara clothing in vibrant colors integrated into the collar (which is typically large and white), collar line and/or pocket(s) (if any); single-piece, full-cut bodies; and the absence of three dimensional features, outlines, and words.

(Pet. App. A at 18-19.) This definition, which grants protection to any Samara good that demonstrates "most if not all" of a number of inconsistent design elements (such as "typical" use of large, white collars and appliques "integrated" into the "collar, collar line and/or pockets (if any")), goes well beyond that which Congress intended to be protected under the Lanham Act, and cannot be found to be inherently distinctive. *Compare Harlequin, supra*, 644 F.2d at 948.

In his dissent, Judge Newman pointedly noted that "that many of the products in the alleged product line do not have all of even the few features that are claimed to constitute the 'look.'" (Pet. App. A at 34; *see generally id.* at 32-36.) For instance, he noted that, despite the majority's requirement that the appliques be "incorporated into either a full collar or the collar line of the garment," a number of the garments for which trade dress protection was granted did not even have collars.[24] (*Id.; see also* J.A. 295.)

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[24] Judge Newman noted that of the 14 garments the majority found within its new definition, "four do not have the applique integrated on the

In fact, the Second Circuit definition of the "Samara look" is even inconsistent with the trade dress claimed by Samara. The court of appeals rejected all of the trade dress definitions that Samara had used, rejected the definition adopted by the trial court, and, instead created its own new definition that had never been suggested prior to the decision. In so doing, the majority expressly included elements of the Samara "look" that Samara itself expressly disclaimed at trial. (*See* Pet. App. A at 20; J.A. 38, 101.)

At trial, Wal-Mart's counsel drew the following sketch of a collar and appliqué design in the courtroom on a large presentation flip chart:



(J.A. 256)

After Wal-Mart's counsel had completed that sketch, he asked the witness, Gary Goldman, Samara's Vice President of Sales and one of Samara's two design witnesses, whether the drawing embodied "the Samara look." Mr. Goldman responded "no." (J.A. 103.) Yet the majority's definition of the protected trade dress plainly encompasses that courtroom sketch: seersucker garments with three identically shaped and symmetrically placed cloth appliques substantially similar to Samara appliques... integrated into large, white collar. (*See* Pet. App. A at 18-19.)

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collar or pockets; in two products, the applique is placed on the top front of the main fabric of the dress, and in the remaining two products, on a mid-riff running across the main fabric of the dress." (Pet. App. A at 34.)

The invalidity of the majority's decision is further evidenced by the fact that the majority found that unless a garment was made of "seersucker fabric," it could not have the "Samara look" since seersucker fabric was an essential aspect of Samara's protectable trade dress. (Pet. App. at 20.) That conclusion, however, is flatly inconsistent with the testimony of Samara's own witnesses. At trial, Mr. Goldman was asked whether one would "have to have seersucker with this [design] for this to be the Samara look?" Again, he unequivocally replied, "no." (J.A. 103.) Indeed, Samara's President, Don Gaffney, had already specifically testified that Samara's claims were not based on the use of seersucker fabric. (J.A. 38) ("Q: And you don't have any problem with Wal-Mart using seersucker? A: No. Q: So to the extent that you may have made claims in this case for infringement based upon use of particular seersucker pattern you are not making that case now, are you? A: No.")

2. Samara has never been able to define a consistent and particular trade dress, and the Court of Appeals compounded that problem by defining the protected dress as a "combination" of inconsistent elements. The fact that Samara has never been able to articulate a specific "look" demonstrates the indefiniteness of Samara's claimed trade dress and should preclude a finding of inherent distinctiveness.

The established rule in the Second Circuit requires a plaintiff relying on the product design, rather than the packaging, as a basis for a trade dress claim to set forth and prove "a precise expression of the character and scope of the claimed trade dress." *Landscape Forms,* 113 F.3d at 381. The absence of a clearly articulated and definite description "may indicate that [the plaintiff's] claim is pitched at an improper level of generality, *i.e.,* the claimant seeks protection for an unprotectable style, theme or idea." *Id.* Samara's claim is just such an unallowable indefinite claim.

It is so broad that, if it were allowed, it would effectively create a perpetual monopoly in the manufacture of seersucker children's clothing with appliques.

The totally amorphous nature of Samara's trade dress claim was evident in its Complaint as well as its trial evidence.[25] The Complaint described the "Samara look" as:

- a "clean" and uncluttered appearance;
- carefully coordinated combinations of silhouettes, applique designs, fabric patterns and colors;
- placement of the appliques on the garment in order to produce a unified appearance, often by integrating the appliques to the collar and/or the pockets;
- conservative, classic styling that remains consistent from year to year rather than changing with fashion; and
- specially designed stylized appliques selected for consistency across the line.

(J.A. 14-15.) Later, the claimed "look" was described by Samara's counsel in his opening statement as "clean and bright without a lot of lace and frills and bows... very traditional, very classic." (J.A. 25.)

Samara's claim was not sharpened by its evidence at trial. If anything, the claim became more ambiguous. Samara's witnesses themselves, the actual creators and designers of the claimed "Samara look" could not articulate what, if anything, constituted the trade dress. (*See, e.g.*, J.A. 46-60.) Katherine Gosda, Samara's chief design witness and

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[25] The majority itself noted that "the complaint provides an insufficient description of the of the 'inherent distinctiveness' of the trade dress to qualify for protection." (Pet. App. A. at 13 n. 2; *see also* J.A. 295.)

a self-described leading authority on the "Samara look" (*see* J.A. 75-76), testified that the "look" is "simple-like elegance, or simple sophistication." (J.A. 49.) She went on to explain that the "look" is "hard to put into words.... [i]t just looks like I said, simple sophistication." (*Id.*) Gary Goldman, Samara's Vice President of Sales and only other design witness, was no more definite. (J.A. 103) ("Q: What would make the Samara Look? A: It's just the feel of the garment. It's something that you have to understand being there doing it for 15 years, caring about it maybe.").

Despite their repeated attempts to define their look, the Samara witnesses were unable to give a clear and specific articulation of the look they claimed was unique to Samara-designed clothing. The trial judge recognized that the trade dress definition offered by Samara was too vague and refused to include any provision in the initial injunction based on claims of trade dress, finding that "Samara has not been able to suggest sufficiently specific language." (Pet. App. B at 54.)

When the products making up the claimed "look" are totally inconsistent, and the designers cannot articulate a definition of the "look," and a court cannot find "sufficiently specific language" to describe the trade dress for purposes of an injunction, the trade dress cannot be inherently distinctive.

B. The Claimed Trade Dress Consists Of Common Elements That Are Not Unique To Children's Garments.

Samara's claimed trade dress is made up of elements that are so common to children's garments – such as the use of seersucker and heart, flower, and fruit appliques; the placement of appliques on collars, pockets, and chests – that they cannot be inherently distinctive.

1. The elements of Samara's trade dress as found by the Second Circuit are by no means unique to children's garments. First, seersucker is, without question, a common element of children's garments. (*See* Pet. App. A at 33, Newman, dissenting) ("Seersucker fabric is not at all distinctive."). Indeed, despite the Second Circuit's findings that seersucker was an essential element of the "look," Samara did not even attempt to claim protection for the fabric. (*See* J.A. 38, 103.) Ms. Gosda further testified that strawberries, hearts, tulips, cars, sailboats, and the use of ric rac are all common themes in children's clothing. (J.A. 70-71).

Ms. Gosda also agreed that appliques are a traditional method of decorating children's garments. (J.A. 72.) It is quite common to place those appliques on the collars and pockets of children's garments. (*See, e.g*, J.A. 205, 208, 238, 241, and 244; *see also* Pet. App. A at 33, (Newman, J., dissenting) ("The use of large collars is also extremely common, and the fact that appliques are placed on the collar, or pockets, if any, is hardly noteworthy.")). Indeed, it is hard to imagine any other location on a children's garment – outside of the collar, pockets, and chest – to place an applique.[26]

As an example of how common some of Samara's designs are in the industry, Wal-Mart submitted a "design your own" dress pattern from Simplicity. (J.A. 255.) That pattern provides instruction on how to create your own seersucker, girl's dress with a large watermelon applique collar, a dress that is virtually identical to a Samara garment

[26] The majority specifically found a garment with cars running across the chest to be within the trade dress, despite its earlier finding that "appliques incorporated into either a full collar or the collar line of the garment" is an essential, "major design element." (*See* Pet. App. A. at 20 & n.5.)

that the Second Circuit found to be within Samara's trade dress. (*Compare* J.A. 255 *with* J.A. 297.)

2. Moreover, Samara's own witnesses acknowledged that other companies make garments that have the "Samara look." Mr. Goldman explained that other companies may not make an entire line with the "look" but that particular garments within their lines do look like Samara's. (J.A. 97) ("Q: So with respect to the one garment [made by another company], however, that garment might look like the Samara garment, that is your testimony? A: I would say yes."). And, Ms. Gosda, Samara's chief design witness, a designer of Samara children's garments for six years, affirmatively testified that a garment manufactured by a competitor, Baby Togs, had the "Samara look." (J.A. 64; *see also* J.A. 239). She was also uncertain as to whether a dress manufactured by All Mine, was a Samara. (J.A. 80; *see also* J.A. 205; *and see* J.A. 189 and 241 (competitors' garments falling within the Second Circuit's trade dress definition)).[27]

In sum, Samara's claimed trade dress consists of elements that are not sufficiently unique to be considered inherently distinctive.

C. The Claimed Trade Dress Consists Of Common Design Elements That Enhance The Product's Aesthetic Appeal, But Are Not Automatically, Immediately, And Primarily An Indicator Of Source.

Samara's claimed trade dress does not meet the last elements of the proposed alternative test because: (1) the "Samara look" is not automatically and immediately

[27] All of the garments sold by Wal-Mart had labels that clearly showed that they were not Samara garments. (*See, e.g.*, J.A. 156, 159, 161, 162, 163, 167, 169, 174, and 176.)

perceived as an indicator of source; (2) Samara's use of private brand labels demonstrates that "look" is not the indicator of source; and (3) the "look" is primarily aesthetic, and not source-identifying. Hence, because Samara's "look" does not satisfy this element, it cannot be inherently distinctive.

1. The claimed "Samara look" is not automatically perceived as an indicator of source. Indeed, Karen Gosda, Samara's chief design witness, admitted that it took her "a while" to "learn" the look, testimony that is directly inconsistent with a finding that the look is "automatically" and "immediately" distinctive as to source. (J.A. 49) ("When I first started working at Samara it took me a while to get it because I came from different companies that did things much more racy.... Like I said, it took me a while.... There is something I had to learn.").

2. Further, Samara allowed its trade dress to be used on many children's garments sold under other brand names. (*See, e.g.*, J.A. 39-41.) This demonstrates the importance of labels as an indicator of source – the brand name is a much more effective, immediate, automatic, and primary indicator of source. *See Krueger Int'l, Inc. v. Nightingale, Inc.*, 915 F.Supp. 595, 603-604 (S.D.N.Y. 1996) (quoting *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 977 (2d Cir. 1987) ("labels, more than design, 'provide a traditional means of identifying the manufacturer of clothing.'").

3. Lastly, even the creator of the "look" disavows any claim that the garments indicate source. Ms. Gosda's testimony on what she intended to create when she designed the "Samara look" proves beyond any doubt that Samara intended its "look" to serve aesthetic, rather than source identifying, purposes.

> "I make it what I called rounded. I want them to be soft, cute, that kind of thing.... I made it simple.... I made it rounded and I split the window, just to make it a little interesting." (J.A. 46-47.) "It's cute." (J.A. 48.) "It's simple. It's not too hard on the eye.... [It's] nice and balanced, symmetrical..." (*Id.*)

When asked to explain the garments comprising the look, Ms. Gosda testified: "They are not too simple where you are bored with them but they are simple. They look sophisticated. They look boutiquey. They look very, very nice." (J.A. 49.)

Further, Samara's advertising makes clear that, if anything, its name, not its designs, tell consumers the source of the product. Indeed, the only three exhibits offered by Samara to show advertising all referred to the trade name "Samara." (J.A. 198, 199, and 200.) And two of the garments displayed in the advertising are not even covered by the Second Circuit's revamped trade dress definition. (*E.g.*, J.A. 200 (large single applique); J.A. 199 (two-piece garment)).

Because Samara's trade dress does not automatically, immediately, and primarily serve as an indicator of source, it cannot be inherently distinctive.

CONCLUSION

For the reasons stated, this Court should hold as a matter of law that the trade dress claimed by Samara cannot receive judicial protection. Alternatively, this Court should clarify the uncertainty in trade dress doctrine that has plagued the judiciary and remand this case for re-consideration by the Court of Appeals for the Second Circuit in light of that clarification.

Respectfully submitted,

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IN THE

Supreme Court of the United States

WAL-MART STORES, INC.,

Petitioner,

v.

SAMARA BROTHERS, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF FOR RESPONDENT

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QUESTION PRESENTED

The Court granted certiorari limited to the following question:

What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade dress protection?

PARTIES TO THE PROCEEDING AND STATEMENT PURSUANT TO RULE 29.6

All parties to the proceedings in the United States Court of Appeals for the Second Circuit are named in the caption. Respondent Samara Brothers, Inc. ("Samara") is a wholly-owned subsidiary of Samara Group Ltd., a corporation organized under the laws of the British Virgin Islands. No publicly held corporation owns 10% or more of Samara's stock.

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STATEMENT OF THE CASE

The core of Samara's business is its line of spring/summer seersucker children's clothing (JA42).[1] Ever since 1985 Samara has designed its line of products to have a consistent appearance. As Samara's Vice President of Sales, Gary Goldman, testified, Samara "ha[s] kind of a feeling that everything that we produce should kind of look like it comes out of our office. It shouldn't be all over the place. It should have a consistent feel to it." The reason for the emphasis on consistency is "[t]o build brand loyalty and establish a customer base." (JA 81-83). The look of the garments in evidence had been used since before 1990 (JA 89).

So complete is market identification of Samara with the Samara look that whenever Samara marketed clothes that departed from the Samara look, its sales were disappointing (JA86). Samara even uses many of the same appliques year after year (JA 89, 91). The district court specifically noted the consistency of Samara's look across its line and over the years, Pet. App. at 47, as did the court of appeals, *id.* at 9-10.

The Samara look is achieved by combining a very limited menu of features in a small number of predictable ways. The features are: seersucker fabric (*passim*); appliques that are large and prominent, to be a focus of the garment (JA 88-89, 132); full-cut conservative bodies, covering more of the child (JA 67); minimal if any trimmings, like lace and bows (JA 132); collars used often, and when used are large and prominent (JA 51); Samara tends to integrate appliques into the construction of the collar, often making the whole collar into an applique (JA 51, 83); appliques are two dimensional, made of solid cloth (rather than print or embroidery), with color running to the edge (rather than with black outlines) (JA 51, 52-53); and garments tend to use one fabric rather than mixed (JA 50).

Although Samara offered in evidence dozens of its garments, those garments fall into a very few immediately

1. "Tr." refers to the trial transcript in the case. "JA" refers to the Joint Appendix.

recognizable patterns. For example, exhibits 4A, 4C, 5A, 6A, 8A, 36A-C and 37A-G (JA 289-93, 298-300, 313-19) each have different appliques, but all are immediately recognizable as emanating from the same source, because all feature a scalloped collar with three appliques, with the appliques so integrated into the collar's construction that the applique itself becomes a scallop. No other company makes a remotely comparable garment (JA 77).

Similarly, exhibits 1A, 32A, 36D-F and 37H-K (JA 287, 296, 301-03, 320-23) each have different appliques, but likewise all are immediately recognizable as emanating from the same source: all use an applique in each collar point, contrasted collars separated by rick-rack borders[2] on which the applique rests, and matching contrasting pockets with matching appliques on the rick-rack borders. Nothing remotely similar from another source (other than Wal-Mart) was offered into evidence.[3]

The Second Circuit synthesized the overall look conveyed by those subsets (Pet. App. A at 18-19):

> The protected trade dress will include most if not all of the following elements: seersucker fabric used exclusively; two or three identically shaped and symmetrically placed cloth appliques (not screen printed) substantially similar to appliques displayed on Samara clothing in vibrant colors integrated into the collar (which is typically large and white), collar line and/or pocket(s) (if any); single-piece, full-cut bodies, and the absence of three dimensional features, outlines and words.
>
> Essential to the "Samara look" is the method by which the design elements are combined on the garments. . . . In particular, the placement of the appliques, typically a row of two or three, along the collar or collar line of the garment and on any pockets is essential to the look.[4]

2. Rick-rack is decorative braiding used on clothing (Tr. 189).

3. To similar effect, see, for example, exhibits 3A, 36G-J and 37L-M (JA 288, 304-07, 324-25) and exhibits 10A and 36R (JA 295, 312). Other than the garments sold in Wal-Mart that led to this lawsuit, not a single garment was offered in evidence that looked even arguably like any of these.

The clearest proof that the Samara look is distinctive comes from Wal-Mart itself. Wal-Mart's senior buyer for infant and newborn boys' clothing, Thomas Kleist, testified under examination ***by Wal-Mart's own counsel*** that he recognized garments with "the Samara type of look" even without looking at the labels (JA 118). Moreover, Wal-Mart's counsel, Mr. Coston, understood the look well enough to be able to draw an infringing design at the trial (JA 100-04, 256).[5]

There is an almost infinite number of ways to design garments (JA 61). There is also a large number of ways to place appliques on garments (JA 50). There was ample evidence of the unlimited possible appearances that children's clothing with appliques can have; Wal-Mart presented many different garments and pictures of garments with appliques, and Samara as well presented a number of different garments and pictures of garments with appliques (other than its own).

The collection of garments that was presented to the jury is but a small sample: Wal-Mart's own witnesses stressed the

4. In its proposed form of judgment, Samara submitted the subsets to the district court as its proposed description of the Samara look (JA 279-81). Though the Second Circuit opinion does not refer to them by subset, the Second Circuit held all the garments protectible except those in ¶ 2(g), which it held unprotectible because they contained too few of the listed features to be protectible. They were just applique on seersucker. Pet. App. 19-20. The others, in ¶ 2(a)-(f), were protected.

5. Wal-Mart's brief asserts (at 42) that Samara's witness Mr. Goldman denied that the collar Mr. Coston hand-drew at the trial with a "strawberry" applique (JA 256) bore the "Samara look." This drawing is within the Second Circuit's definition of Samara's trade dress. But Wal-Mart omits that on the very next page of transcript, Mr. Goldman elaborated that: "It could be a copy of the Samara look." (JA 104). Notably, a Samara garment that looks like what Mr. Coston drew actually was in evidence as Plaintiff's Trial Exhibit 37A (JA 313).

enormous volume of garments that it could have entered into evidence. Mr. Kleist testified that he gets about ***200 samples a week*** from vendors seeking Wal-Mart's business (JA 117). Susan Patrick, Wal-Mart's buyer for infant and toddler girls, likewise testified that she receives ***each week*** "[s]everal hundred" garments (JA 124-25). With this sartorial cornucopia at Wal-Mart's fingertips, it is clear that if the Samara garments were similar to the general run of children's clothing, Wal-Mart would have offered a large number of samples with an overall appearance similar to Samara's. Yet Wal-Mart was unable to show that the Samara garments were not unique and unusual, or were mere variations on or refinements of a common theme. To the contrary: the more garments went into the record, the more it was clear that the Samara garments ***are indeed*** unique and different from the rest of the market.[6]

Other evidence bears this out as well. A third party witness who is a buyer for a regional department store, Patricia Hamilton, testified that: she can easily recognize Samara garments without looking at the labels; they are different from the other garments in the market; the appliques are distinctive and their placements are unique; and the look is not simply "applique on seersucker" (JA 132-33; 135-38). Indeed, a simple examination of seersucker garments with appliques made by other manufacturers shows how different they are from anything made by Samara (*e.g.*, JA 183, 184, 188-90).

A. Wal-Mart's infringement

In 1995, Wal-Mart contracted with Judy Philippine, Inc. ("JPI") to have JPI manufacture for Wal-Mart a large quantity of seersucker garments to be offered for sale under Wal-Mart's

6. From the concededly huge universe of available garments, which Wal-Mart no doubt culled carefully to find the ones it thought most similar to Samara, Wal-Mart at the trial came up with one, and perhaps two, that may have had the same general feel as a Samara garment (Pet. Br. 47; JA 64, 80). But notably, neither of the two garments fits either Samara's description of trade dress (JA 279-81) or its restatement by the Second Circuit, Pet. App. A at 13, 18-19, 20.

house label, Small Steps, in the 1996 spring/summer season. Wal-Mart's records reflect that the samples on which the Wal-Mart buyers' orders were based were Samara garments: the Wal-Mart paperwork bears photographs of what was being ordered, and in many of the photographs the name "Samara" is readily discernible on the hangtags and/or neck labels of the garments, Pet. App. A at 2; *See, e.g.*, JA 160.[7] In all, during the 1996 selling season Wal-Mart sold sixteen different garments copied from Samara. These garments generated over $1.15 million in gross profits for Wal-Mart through July 13, 1996 (JA 204).

There is an infinite number of ways to create attractive children's clothing and an infinite number of ways to use appliques on children's clothing. Scores of ways to put pictures on children's clothing were offered at the trial. There is no legitimate reason for Wal-Mart's conduct here. As the Second Circuit noted, "ample evidence supports the finding that Wal-Mart's marketing of the knock-offs was willful piracy with intent to deceive as to source," Pet. App. 16.

B. The instant litigation

In early June 1996, Samara received a call from a buyer at J.C. Penney who complained that she had seen Samara garments on sale in Wal-Mart for a retail price that was lower than Penney could charge. The buyer said she believed Samara was making garments for Wal-Mart. Samara advised her that Samara did

7. Wal-Mart knew very well what it was doing. A quote sheet is the first step in the paperwork for a Wal-Mart purchase order (Tr. 308). A Wal-Mart buyer, Susan Patrick, was shown the Wal-Mart quote sheet marked as Exhibit 3C2 (JA 160), which she helped create in connection with purchases she made for Wal-Mart of seersucker garments to be made under Wal-Mart's house brand, Small Steps. She testified as follows (JA 122, Tr. 416):

> Q. Is there a hang tag on the garment that's in the photograph?
>
> A. There does appear to be one, yes.
>
> Q. And what does it say on the hang tag?
>
> A. It looks like Samara to me.

not supply Wal-Mart (JA 28). That telephone call led to an all-out effort by Samara to determine the extent to which stores were selling garments that look like Samara's (JA 33-34).

Samara commenced suit on July 2, 1996 against JPI, which manufactured the knockoffs, and several stores (including Wal-Mart) that sold them (JA 12).[8] Wal-Mart asserted cross-claims against JPI for indemnification (*See* JA 3). JPI and the retailers other than Wal-Mart settled Samara's claims against them (*see* JA 273-77). This case against Wal-Mart then came on for trial before a jury. At the end of the trial, after jury instructions about inherent distinctiveness to which Wal-Mart did not object, the jury returned a verdict for Samara, upholding (among other things) the protectibility of its trade dress. It also found that Wal-Mart infringed Samara's trade dress willfully (JA 152).

Wal-Mart moved pursuant to Fed. R. Civ. P. 50 for judgment as a matter of law. In denying that motion (Pet. App. B), the district court held that Samara had provided ample proof of the inherent distinctiveness of its trade dress. It relied not only on the Second Circuit authorities — *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (2d Cir. 1995) and *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373 (2d Cir. 1997) — but also on *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977), which the Second Circuit in *Landscape*, 113 F.3d at 378 n.3, had approved as presenting "a number of factors that may be considered in determining whether a 'design was likely to be understood as an indicator of the product's source," *See* Pet. App. B at 45-47 (*citing Landscape* and *Seabrook*).

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8. The Complaint asserted claims for copyright infringement, trade dress infringement, violations of the New York consumer fraud statute (Gen. Bus. L. § 349) and common law unfair competition. Samara had registered copyrights for thirteen of the sixteen applique designs, combinations and placements at issue here in June 1996. Pet. App. 2-3.

The Second Circuit affirmed as to all the groups of garments but one. It held that the record supported the finding that Samara's trade dress was inherently distinctive. The Second Circuit also noted that the jury had "analy[zed] the dozens of garments displayed at trial to conclude that Samara's product line is 'inherently distinctive,' " *id.* at 14.

SUMMARY OF ARGUMENT

1. Trademark protection exists to protect both consumers and producers. By encouraging producers to differentiate their products, the Lanham Act secures to consumers a ready way to tell one producer's goods from another, because a company's goodwill (and thus its reputation) is bound up in the symbols on its goods. This informational role of trademarks promotes competition and avoids consumer confusion. A producer may distinguish its goods from those of competitors through any available technique. A product's trade dress — its total visual image, including its shape and texture — is a well-accepted form of product differentiation, which the Lanham Act protects.

2. In *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), this Court held that an inherently distinctive trade dress is protectible without proof of secondary meaning. This Court stressed that nothing in § 43(a) of the Lanham Act distinguished trademarks from trade dress, so if one is protectible without proof of secondary meaning if it is inherently distinctive, so should the other be. Any other result would hinder producers from using unique product identifiers to compete. Similar reasoning compels the conclusion that product design trade dress can be inherently distinctive. Section 43(a) contains no exceptions for product designs. Producers should be encouraged to differentiate products by their designs, if they so choose.

3. Nothing in the language of the Lanham Act, its legislative history or its underlying policy prevents a product design trade dress from being inherently distinctive. *Two Pesos*

mandates such a conclusion. The lower courts and the Patent and Trademark Office ("PTO") all hold that product designs are capable of being inherently distinctive. Any contrary conclusion would be contrary to the Lanham Act's policy of promoting product differentiation. *See* Point I, *infra*.

4. Because (a) product designs can be inherently distinctive, and (b) the statute does not distinguish one form of trade dress from any other, it follows that the test for whether a product design is inherently distinctive is the same as for any other form of trade dress. *Two Pesos* held that the lower court was "quite right" to use the test set forth in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976), which places marks on a continuum from generic (unprotected) to descriptive (protected on a showing of secondary meaning) to suggestive, arbitrary or fanciful (inherently distinctive). Because *Two Pesos* requires a unitary test, the *Abercrombie* spectrum is an appropriate test for all forms of trade dress. Any difficulty in applying *Abercrombie* to product designs can be remedied by using the questions set forth in *Seabrook, supra.*

These two tests are complementary, and may be used together or in the alternative, depending on the product and context, to test the level of distinctiveness of any claimed designator of origin. Both these tests have garnered wide acceptance. Both ask, albeit in different language, how the product in question stands relative to its peers in the market. *See* Point II, *infra*. The other tests formulated in some lower courts, as well as the test Wal-Mart proposes, unduly shift the focus away from the trade dress itself and its market context. Point II, *infra*.

5. Whether a trade dress is inherently distinctive is uniquely a question of fact. In this case, the jury was instructed on the correct legal standard to apply to determine whether Samara's trade dress is protectible. (The instructions included the substance of *Abercrombie*, *Seabrook* and *Knitwaves*.) There was more than ample evidence to sustain the verdict. The district court's opinion upholding the verdict relies on *Knitwaves* and

Seabrook explicitly, and the Second Circuit's opinion affirming the district court relies on, *inter alia*, the type of evidence *Seabrook* calls for. Moreover, the Second Circuit has made clear that *Knitwaves* is satisfied by the type of evidence that satisfies *Seabrook*. Under the standards of review governing appeals from judgments rendered after jury verdicts, as well as this Court's rule against second-guessing facts found by two lower courts, an affirmance is mandated. Point III, *infra.*

ARGUMENT

The Lanham Act reflects Congress's judgment that protecting trademarks fosters competition by protecting producers' efforts to distinguish their products from others in the marketplace. Trademarks (and cognate indicators of origin, like trade dress) serve a valuable informational purpose: they "are the essence of competition, because they make possible a choice between competing articles by enabling the buyers to distinguish one from the other," S. Rep. No. 79-1333, 79th Cong., 2d Sess. 5 (1946), *reprinted at* 1946 USCCAN 1274, 1275. *See also* 1 J.T. McCarthy, *McCarthy on Trademarks and Unfair Competition*, §§ 2:2-2:5 (1996); *Restatement (Third) Unfair Competition* § 9 cmt. c (1995). Thus, the Lanham Act protects any "word, name, symbol or device" that a producer uses "to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown," 15 U.S.C. § 1127. Owners of registered marks may sue to redress infringements of their marks, 15 U.S.C. § 1114, and under § 43(a) of the Lanham Act owners of unregistered marks as well may sue to redress infringements, 15 U.S.C. § 1125(a).

In *Two Pesos, supra*, this Court endorsed "trade dress" as a form of trademark protectible in an action under § 43(a). Trade dress is a product's "total image and overall appearance. It involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics or even particular sales techniques." *Two Pesos*, 505 U.S. at 764 n.1 (internal quotations and citations omitted). *See also* McCarthy

§ 8:1 at 8-2 ("whole visual image"); Restatement § 16 & cmt. a. Under *Two Pesos*, an inherently distinctive trade dress is protectible without proof of secondary meaning.

The question this Court framed for review here is "what must be shown to establish that a product design is inherently distinctive." This emphasis on "what must be shown" underscores that whether a particular trade dress is inherently distinctive is an issue of fact. This appeal was taken from an affirmance (in the main) of a judgment rendered upon a jury verdict in Samara's favor, *see* Pet. App. A., Pet. App. B. Under well-established standards of review, the jury verdict must be upheld so long as the jury was properly instructed and there is evidence in the record to support the verdict.

I. PRODUCT CONFIGURATIONS ARE CAPABLE OF BEING INHERENTLY DISTINCTIVE

Wal-Mart contends that a trade dress based on product "configuration" can never be inherently distinctive. But the question this Court framed for review implicitly assumes that product designs ***can*** be inherently distinctive: This Court did ***not*** grant certiorari to consider ***whether*** product designs can be inherently distinctive, but rather to consider how to tell when that happens. It seems, therefore, that Wal-Mart has gone beyond the question this Court framed, and that the Court should not consider Wal-Mart's argument at all.

It also is questionable whether this case involves a "configuration of goods" at all. This case concerns the appearance of children's clothing. The shape of the clothing, or the components of the clothing — neck opening, sleeves, hems, leg closures — is not at issue here. A Wal-Mart buyer testified that even if the collar and appliques were removed from a Samara dress, leaving only a plain gingham seersucker body, the dress still was "cute," and still was saleable (Tr. 452-53). In other words, the Samara trade dress is not "the item itself" or a "configuration of goods," but rather largely an "add-on," more in the nature of a package than a configuration. Even if the Samara trade dress is deemed to be a "configuration," though,

Wal-Mart's argument still should be rejected, for the reasons set forth below.

A. The statutory language

The analysis begins, as it must, with the language of the statute. Wal-Mart places great weight on the appearance of the words "configuration of goods" in the list of items in § 23(c), 15 U.S.C. § 1091, that can be registered in the Supplemental Register — that is, items that can be accorded protection, and registered in the Principal Register, only once they attain secondary meaning (Brief for Petitioner ("Pet. Br.") 13-14). According to Wal-Mart, this means that a configuration can be a "mark" capable of attaining trademark status, but cannot of itself be "a trademark" eligible for registration on the Principal Register unless and until its owner proves secondary meaning (*id.*).

This analysis proves too much. Section 23(c) also provides for registration on the Supplemental Register of a "label, package," "slogan" or "any combination" of the listed items. These words, like "configuration of goods," do not appear in § 45's definition of trademark.[9] Under Wal-Mart's reading of § 23, therefore, a label or slogan could never be inherently distinctive — which is simply not the law.[10] More pertinent for current purposes, though, ***it would also mean there could never be an inherently distinctive "package."*** The consequence of Wal-Mart's reading of § 23, in other words, would be the death of virtually all trade dress protection. After all, what is at issue in this case is whether there is or should be a difference between trade dress in packaging and trade dress in product designs —

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9. *See* 15 U.S.C. § 1127 ("'trademark' includes any word, name, symbol or device, or any combination thereof. . . .).

10. *See, e.g., Nike, Inc. v. "Just Did It" Enters., Inc.*, 6 F.3d 1225, 1227 n.2 (7th Cir. 1993) (slogan held inherently distinctive); McCarthy § 7:22 at 7-42 & n.11 (to same effect); *Application of Esso Standard Oil Co.*, 305 F.2d 495, 497-98 (C.C.P.A. 1967) (inherently distinctive label).

not whether there can be inherently distinctive trade dress at all. This Court already settled that question in *Two Pesos*. Nothing about the language of § 23(c) indicates that a "package" (or "label," "symbol," or "slogan") is or should be treated differently from a "configuration of goods." If one can be inherently distinctive, the other can too. *See, e.g., Dole v. U.S.W.*, 494 U.S. 26, 35 (1990) ("words grouped in a list should be given related meaning"); *Neal v. Clark*, 95 U.S. 740, 708-09 (1878) ("the coupling of words together shows they are to be understood in the same sense").

If Congress really meant to require that configurations of goods always need secondary meaning to be protectible, the logical place for it to have so provided is in § 2, 15 U.S.C. § 1052, which sets forth which marks can never be registered and which require secondary meaning.[11] Nothing in § 2 indicates that product designs always require secondary meaning. There is no reason a product design cannot be a "trademark" (rather than a mere "mark" under § 23, as Wal-Mart argues), because "trademark" is defined in § 45 to "include[ ] any word, name, symbol or device" used to indicate source, 15 U.S.C. § 1127. A product design can comfortably be a "symbol" or "device" under § 45. But even if not, there still is no reason to say it cannot be a "trademark," because the list in § 45 is not exclusive. *See Kohler Co. v. Moen, Inc.*, 12 F.3d 632, 635 (7th Cir. 1993), *citing In re Kotzin*, 276 F.2d 411 (CCPA 1960).

Also, Wal-Mart ignores § 43(a). Section 43(a) does not distinguish trademarks from trade dress, or one kind of trade dress from another, *cf. Two Pesos*, 505 U.S. at 774. Thus, even apart from the sections dealing with registration, nothing in

11. A trademark cannot be denied registration on the Principal Register "on account of its nature," unless it comes within one of the excepting subsections in § 2 — none of which provides for excluding registration of product designs, shapes or configurations. The only trademarks that can be denied registration because of their "nature," but can overcome the denial by a showing of secondary meaning, are descriptive and geographic terms and surnames, *see* 15 U.S.C. § 1052(f).

§ 43(a) warrants treating one form of trade dress differently from another. *See Two Pesos*, 505 U.S. at 787 (Thomas, J., concurring).

B. Legislative History and Recent Amendments

The legislative history Wal-Mart relies on demonstrates that Wal-Mart is launching an assault on *Two Pesos*, by denying that any kind of trade dress can be inherently distinctive. Wal-Mart's discussion relies heavily on snippets of hearings on the original Lanham Act, culled from a recent article by Professor Lunney,[12] who contends that the original Lanham Act never contemplated the possibility of an inherently distinctive trade dress of ***any*** kind, whether configuration, package or otherwise. For example, one bit of colloquy Wal-Mart relies on suggests that the speaker considered "the shape of a perfumery bottle" — what we might consider packaging[13] — to be a "configuration of goods" under § 23, Pet. Br. 16 n.8. Professor Lunney cites as well legislative history suggesting that Congress meant to prohibit registering trade dress on the Principal Register even if secondary meaning was shown, 48 Emory L.J. at 378 n.39. In addition, Wal-Mart places weight on other snippets that undercut its position.[14] Some snippets date back seven or eight years before the Lanham Act finally passed, relate to drafts that were not enacted and have little probative value in ascertaining

12. Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 Emory L.J. 367, 378-82 (1999).

13. *Cf. Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417 (5th Cir. 1984) (shape of a lemon juice bottle held inherently distinctive).

14. Thus, some of the remarks Wal-Mart quotes actually indicate that § 23(c) does no more than provide an expansive list of items that can be registered: for example, remarks by Mr. Fuldner indicated that "label, symbol, configuration of goods, slogan or phrase" are all similar in providing "a broad definition of a mark on the Supplemental Register which may, when it becomes distinctive of the goods, get on the Principal Register," Pet.Br. 16 n.9. In other words, it is merely the flip-side of the non-exclusive definition of "trademarks" in § 45.

the intent of the Congress that ultimately passed it.[15] Thus, the legislative history Wal-Mart relies on tells us very little even about the original Lanham Act, and even less about the Lanham Act in its current form, over fifty years later.[16]

Wal-Mart also would have the Court ignore the 1988 amendments to the Lanham Act. As this Court noted in *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 172 (1995) the 1988 amendments were based on the United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 T.M. Rep. 375 (1987) (the "Trademark Commission Report"). That report specifically recommended that § 43(a) be amended to preclude any possibility that courts might later constrict the broad reading they had accorded to that section, specifically including protection of product configurations.

The Trademark Commission Report treats "trade dress" and "configurations of goods" the same way.[17] By that time a

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15. *See, e.g., Gustafson v. Alloy & Co.*, 513 U.S. 561, 580 (1995) (preferable source of legislative history is documents prepared by Congress when deliberating); *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 203 n.24 (1975).

16. That Wal-Mart's argument amounts to a bald attack on several decades of Lanham Act jurisprudence is apparent from Wal-Mart's citation to Professor Lunney's conclusion that "it would be 'absurd' to contend that 'Congress intended . . . to recognize trade dress as registrable trademarks and to eliminate the secondary meaning and functionality requirements.' " Pet. Br. 17 n.9, citing Lunney, 48 Emory L.J. at 378-82.

17. Section 43(a) . . . . has been widely interpreted to create, in essence, a federal law of unfair competition. While it has spawned occasional maverick decisions, the section now provides relief against infringement of unregistered trademarks, unfair competition arising from the ***copying of trade dress and certain configurations of goods*** . . . . It has definitely eliminated a gap in unfair competition law. . . .

(Cont'd)

number of lower courts had recognized that product designs can be inherently distinctive.[18] So had the Trademark Trial and Appeal Board.[19]

The Senate Report that accompanied the 1988 amendments likewise endorsed the judicial interpretations that accorded protection to product designs:

> Section 35 revises Section 43(a) of the Act (15 U.S.C. 1125(a)) to codify the interpretation it has been given by the courts. Because Section 43(a) of the Act fills an important gap in federal unfair competition law, the committee expects the courts to continue to interpret the section. . . .
>
> [I]t has been applied to cases involving the infringement of unregistered marks, violations of trade dress ***and certain nonfunctional configurations of goods*** and actionable false advertising claims.

S. Rep. No. 100-515, 100th Cong., 2d Sess. 40, 1988 U.S. Code Cong. & Admin. News 5577, 5603 (1988). Thus Congress made no distinction between violations of trade dress and violations

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> The Commission was reluctant to recommend any change at all. However, ***to prevent judicial back-tracking*** and in light of the recommendations for change to other sections of the Act, the Commission believes it advisable to conform the language of Section 43(a) to the expanded scope of protection applied by the courts.

77 T.M. Rep. at 426 (emphasis added), (footnote omitted).

18. *See, e.g., In re Morton-Norwich Prods. Inc.*, 671 F.2d 1332, 1343 (C.C.P.A. 1982); *Dallas Cowboys Cheerleaders, Inv. v. Pussycat Cinemas, Ltd.*, 604 F.2d 200, 204 (2d Cir. 1979).

19. *See, e.g., In re Superba Cravats, Inc.*, 145 U.S.P.Q. 354 (T.T.A.B. 1965) (black and white display hook for ties was inherently distinctive); *In re International Playtex Corp.*, 153 U.S.P.Q. 377 (T.T.A.B. 1967).

of nonfunctional product configurations. Congress meant for the same rule to govern both.[20]

C. PTO Practice

Wal-Mart's position is also contrary to PTO policy. The Trademark Manual of Examination Procedure ("TMEP") expressly contemplates that product configurations can be inherently distinctive, *see, e.g.*, TMEP §§ 1202.03(b)(ii), (iii). Administrative decisions are to like effect. *See, e.g., In re Corning Glass Works, Inc.*, 6 U.S.P.Q.2d 1032 (T.T.A.B. 1988); cases cited in TMEP § 1202.03(f)(iv).

D. Judicial Decisions

Judicial precedent confirms that product designs can be inherently distinctive, most notably this Court's decision in *Two Pesos*. *Two Pesos* disapproved a line of Second Circuit cases that held secondary meaning was always required for trade dress, whether or not inherently distinctive, 505 U.S. at 773. Each of the Second Circuit cases that this Court disapproved in *Two Pesos*[21] concerned what Wal-Mart would call a "product configuration": the configuration of raingear (*Stormy Clime*); the appearance of a vacuum bottle (*Union Mfg.*); the appearance of luggage (*LeSportsac*); and the configuration of an exercise belt (*Vibrant Sales*). *Two Pesos* thus requires that these product designs ***could*** be inherently distinctive.

Wal-Mart's rigid rule that product designs can never be inherently distinctive is also at odds with this Court's approach in *Qualitex, supra*. *Qualitex* disapproved of a rigid rule that a single color, standing alone, can never serve as a trademark. The crux of *Qualitex* is that the Lanham Act does not admit of

20. This Court as well has noted the protective and expansionary nature of the 1988 amendments, *see Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 172-73 (1995).

21. *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971 (2d Cir. 1987); *Union Mfg. Co., v. Han Baek Trading Co.*, 763 F.2d 42 (1985); *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 75 (1985); *Vibrant Sales, Inc. v. New Body Boutique Inc.*, 652 F.2d 299 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982).

rigid rules for formalistic classifications, like "color, shape, fragrance, word or sign," *id.* at 163. What is important is not that a feature is a color, texture or shape, but rather whether it has source-indicative capacity as measured by a proper legal test.[22] Wal-Mart's proposed rule would enshrine rigidity in the Lanham Act instead of having each case decided on its facts, and is thus contrary to *Qualitex*.

The Federal Circuit and its predecessor court, the Court of Customs and Patent Appeals — the courts with specialized jurisdiction of PTO registration issues, *see* 15 U.S.C. § 1071(a), 28 U.S.C. § 1295 — likewise have consistently found that product configurations can be inherently distinctive. *See, e.g., Braun, Inc. v. Dynamics Corp.*, 975 F.2d 815, 825-26 & nn. 18, 19 (Fed. Cir. 1992); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1343 (C.C.P.A. 1982). Every single circuit faced with the issue has held that it is possible for product designs to be inherently distinctive. The circuits may differ as to how to test for inherent distinctiveness, but none of them deny that a product design can be inherently distinctive.[23]

22. *Qualitex* seems to suggest, thought does not hold, that a single color, standing alone, is not inherently distinctive. The Court did not explain ***why***; presumably it is because almost all items bear ***some*** color, so that color would be part of the item's description (*e.g.* a blue car, a red tote bag, etc.), rather than a separate feature. But equally presumably, a combination of colors ***could*** be inherently distinctive.

23. *See, e.g., I.P. Lund Trading v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1988); *Landscape, supra*, 113 F.3d 373 (2d Cir. 1997); *Knitwaves, supra*; *Duraco Prods., Inc. v. Joy Plastic Enters. Ltd.*, 40 F.3d 1431 (3d Cir. 1994); *Ashley Furniture Indus. Inc. v. Sam Giacomo, N.A., Ltd.*, 187 F.3d 363 (4th Cir. 1999); *Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526 (5th Cir. 1998); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 936 (7th Cir. 1989); *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780 (8th Cir. 1995); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531 (11th Cir. 1986); *Bauer Lamp Co. v. Shaffer*, 941 F.2d 1165 (11th Cir. 1991).

The Seventh Circuit has suggested, though only in dictum in a footnote, that secondary meaning is required for product configurations. (Cont'd)

Wal-Mart contends that product designs can never be inherently distinctive under *Abercrombie*, because product designs are always descriptive in that they do no more than describe the product itself (Pet. Br. 23-25). Interestingly, Wal-Mart bases this argument on the Fifth Circuit's opinion in *Pebble Beach*, *supra*. But Wal-Mart tells the Court only half the story. In *Pebble Beach*, the two golf hole designs that consisted merely of such things as hills, bunkers, trees, fairways — features that every course has in its holes — were descriptive because they "create golf holes and nothing more." *Id.* at 541. But the district court in *Pebble Beach* had also held that a third hole design ***was*** inherently distinctive.[24] The Fifth Circuit did not address that ruling because it affirmed the district court's alternative holding that the third hole had acquired secondary meaning (which made it unnecessary to reach the inherent distinctiveness issue), *id.* at 541 n.8. But *Pebble Beach* certainly does not suggest that configurations are always descriptive. Indeed, that the Fifth Circuit classified golf holes under *Abercrombie* suggests precisely the opposite — that configurations ***can*** be inherently distinctive, if they meet the criteria.

Ashley, supra, confirms this. The Fourth Circuit held in *Ashley* that the overall appearance of a line of furniture could be inherently distinctive, and reversed the trial court's grant of summary judgment to the defendant. Wal-Mart here makes the same error as the trial court in *Ashley*: it argues that "a product configuration cannot be inherently distinctive under the *Abercrombie* factors because the features of the trade dress sought to be protected constitute the product itself" (Pet. Br. 24). But the trade dress is the totality of features that comprise the product's image, not the product itself. *Ashley*, 197 F.3d at 370; *see also Stuart Hall, supra*. Other courts as well have

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Kohler Co. v. Moen, Inc., 12 F.3d 632, 641 n.11 (7th Cir. 1993). But other Seventh Circuit authority recognizes inherently distinctive product design trade dress. *E.g. Roulo, supra*, 886 F.2d at 936.

24. It had an unusual feature — a lighthouse.

applied *Abercrombie* to uphold the inherent distinctiveness of product design trade dress.[25] There is thus no basis for Wal-Mart's argument that product designs are always descriptive under *Abercrombie*.

E. Common Law and Patent Law

Wal-Mart's contention that § 43(a) in its current form is no more than a federal codification of pre-existing common law (Pet. br. 26) is grossly inaccurate. The 1988 amendments, *Two Pesos* and *Qualitex* all make clear that § 43(a) has moved well beyond the pre-1946 common law, *see Two Pesos*, 505 U.S. at 783 (Stevens, J. concurring), 787 (Thomas, J., concurring). *Qualitex*, 514 U.S. at 172-73. *See also* pp. 14-16, *supra* (legislative history of 1988 amendments).

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964) do not support Wal-Mart. Those two cases held only that *state* unfair competition law cannot interfere with federal patent policies of permitting free copying of what is placed in the public domain. But *Compco* stressed that "***if*** the design is not entitled to a design patent ***or other federal statutory protection***, then it can be copied at will," 376 U.S. at 238. The Lanham Act is "other federal statutory protection" that can prohibit copying. *See, e.g., Thomas R. Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 287 (7th Cir. 1998), *cert. denied*, 119 S. Ct. 336 (1998).

Bonito Boats Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989) underscores this point. *Bonito Boats* stressed that

25. *See, e.g., Insty*Bit, Inc. v. Poly-Tech Indus., Inc.*, 95 F.3d 663, 673 (8th Cir. 1996) ("a reasonable trier of fact could find that the [product design] trade dress is arbitrary, fanciful, or suggestive"), *cert. denied*, 519 U.S. 1151 (1997); *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1118, 1120 & n.8 (5th Cir. 1991), *aff'd*, 505 U.S. 763 (1992); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 202, 204 (2d Cir. 1979) ("a combination of the white boots, white shorts, blue blouse and white star-studded vest and belt is an arbitrary design"); *Big Top USA v. Wittern Group*, 998 F. Supp. 30, 47 (D. Mass. 1998).

the patent laws strike a balance between "the desire to freely exploit the full potential of our inventive resources and the need to create an incentive to deploy those resources," *id.* at 152. The Lanham Act, of course, is a different statute, with different aims and objectives: it protects not innovation, but product differentiation as an indicator of source. *See, e.g., Dallas Cowboys Cheerleaders, supra*, 604 F.2d at 204 ("[*Sears/Compco*] does not apply in a trademark infringement action where the plaintiff does not assert exclusive rights to the sale of a product but merely to a mark indicating its origin or sponsorship"); Brief of United States as Amicus Curiae ("U.S. Br.") at 10. Section 43(a) is consistent with the patent laws; each operates in its own sphere, *Bonito Boats* at 166. *Cf. Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974).

Wal-Mart's contention (Pet. Br. 28-29) that "[m]any courts . . . look to the design patent provisions . . . as an expression of Congress's intent on how far trademark protection should extend to designs" is faulty. The Federal Circuit held this year in *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir.), *cert. denied*, 68 USLW 3353 (Nov. 29, 1999), that a product design feature within the scope of a utility patent could be protected under § 43(a) of the Lanham Act; the district court was required to make a Lanham Act functionality inquiry.[26] *See also id.* at 1362 ("this court and its predecessor have repeatedly held that the availability of trade dress protection does not depend on whether a patent has been obtained for the product or feature in question"). Nor does an expired design patent determine the scope of Lanham Act protection, *In re World's Finest Chocolate, Inc.*, 474 F.2d 1012, 1014-15 (C.C.P.A. 1973) ("The mere existence of design patent rights is independent of, and immaterial to, the ownership of trademark rights"). For at least the last 35 years, the lower courts have held uniformly that design patent law does not define the scope

26. Utility patents are evidence of functionality but not conclusive. *See, e.g., In re Bose Corp.*, 772 F.2d 866, 871-72 (Fed. Cir. 1985); *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998).

of trade dress law.[27] This virtual unanimity should be unsurprising in view of this Court's caution in *Bonito Boats*, noted above, that the patent laws do not necessarily conflict with the Lanham Act. The case Wal-Mart relies on, *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1508 (10th Cir. 1995), *cert. denied*, 51 U.S. 1067 (1996), "stands alone" as the sole case to use any aspect of patent law to define the scope of trade dress law, 175 F.3d at 1364, and has been roundly criticized, McCarthy § 7:68 at 7-148-49.[28]

F. Lanham Act Policy

The Committee Report accompanying the Lanham Act makes clear that the goal of the Lanham Act is to enhance competition through product differentiation:

> Trade-marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyers to distinguish one from the other. Trade-marks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates. To protect trade-marks, therefore, is to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not. This is the end to which this bill is directed.

S. Rep. No. 79-1333, 79th Cong., 2d Sess. 3-5, reprinted in 1946 U.S. Code Cong. & Admin. News 1274, 1275 (1946). This Court

27. *See, e.g., Ashley*, 187 F.3d at 376; *Tone Bros. v. Sysco Corp.*, 28 F.3d 1192, 1201 n.9 (Fed. Cir. 1994), *cert. denied*, 514 U.S. 1015 (1995); *Kohler Co., supra*, 12 F.3d at 638; *Esercizio v. Roberts*, 944 F.2d 123, 1240-41 (6th Cir. 1991); *Bose Corp. v. Linear Design Labs, Inc.*, 467 F.2d 304, 309 (2d Cir. 1972) ("trademark protection is separate from that afforded by a design patent") (citations omitted); *In re Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964).

28. The other case Wal-Mart cites, *Duraco*, is discussed later.

expressly endorsed this policy in *Park 'n Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985).[29]

A product's trade dress can indicate source just as surely as a symbol or word placed on the product. *Two Pesos*, 505 U.S. at 771; Restatement § 16 cmt. a. Thus, the policy watchword in this area has been flexibility: Congress has been loathe to do anything to limit the ability of courts to afford protection to producers who find new ways to differentiate their goods from competitors. As noted (pp. 14-16), both the 1988 Senate Report and the Trademark Commission Report stressed judicial flexibility under § 43(a).

Congress recently considered an amendment to the Lanham Act that would have codified trade dress protection and enacted the *Seabrook* factors for all forms of trade dress. H.R. 3136, 105th Cong., 2d Sess. (1998). A number of interested persons testified about the bill. The witnesses' positions differed somewhat about specific provisions within the bill, but much of the testimony is pervaded by concern that any explicit provision for trade dress protection could freeze the law and inhibit the flexibility courts need to adapt to changes in commerce and types of products.[30] It is, of course, hazardous to

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29. The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. *See* S. Rep. No. 1333, at 3, 5. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation. *Id.* at 4.

Park 'n Fly, 469 U.S. at 198. *See also* Restatement § 9 cmt. e; *Sicilia Di R. Biebow, supra*, 732 F.2d at 426 ("Lanham Act's purpose [is] protecting product distinguishability").

30. *See, e.g.*, Statement of Theodore H. Davis, Jr., Section of Intellectual Property Law, American Bar Assn., Feb. 12, 1998 (appears at *http://www.house.gov/judiciary/41153.htm*) ("[T]he existing (Cont'd)

infer congressional intent from actions not taken. But in view of Congress's desire to retain flexibility, it is fairly inferable that H.R. 3163 was not adopted at least in part because of Congress's reluctance to calcify trade dress law. Wal-Mart's proposed hard-and-fast rule is contrary to the longstanding congressional desire that the courts foster commerce and competition by applying the Lanham Act flexibly.

II. ALL TRADE DRESS SHOULD BE TESTED FOR INHERENT DISTINCTIVENESS BY THE SAME CRITERIA

Section 43(a) of the Lanham Act and this Court's previous decisions mandate that all forms of trade dress be evaluated under a single legal standard. Using a different rule of law for some types of trade dress that is not applicable to others would spawn numerous thorny issues, which will complicate trials even

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(Cont'd)
definition of 'mark' already is broad enough to sweep in nontraditional designations of origin, and the potential added benefit from amending this standard is unclear"); Testimony of David Stimson, President, International Trademark Assn., Feb. 12, 1998 (appears at *http://www.house.gov/judiciary/41152.htm)* ("There is a real danger that trade dress legislation at this time will remove the intended flexibility of the Lanham Act. . . . INTA urges the subcommittee to consider the position that the current provisions of the Lanham Act are sufficiently broad to encompass trade dress, as they have been doing for years").

After cautioning against any revision of § 43, Mr. Stimson's testimony addressed the specific provisions of H.R. 3163, and advocated a more restrictive approach to product design trade dress than other forms. But Wal-Mart's assertion that INTA's reluctance to fully protect product designs caused H.R. 3163 to die in committee is unsupported; it is just as logical to suppose that the subcommittee determined not to enact explicit trade dress legislation in order to preserve flexibility. Moreover, INTA's amicus brief in this Court, advocates a variant of the *Seabrook* standard, *see* INTA Br. at 17-20. Although it differs somewhat from Samara's, INTA's position in this Court on protecting product design trade dress is closer to Samara's than to Wal-Mart's, and is less restrictive than Stimson's testimony in Congress.

further. There is no good reason for courts to take on the burden of formulating a new test, because existing trade dress law is sufficiently flexible. It is simply a question of recognizing what the existing rules are trying to accomplish, and using the tools given by the existing case law to formulate consistent and objective criteria that will permit a finder of fact to make intelligent decisions.

The detailed factual argumentation in Wal-Mart's brief highlights starkly that whether a mark is inherently distinctive is an issue of fact.[31] As a question of fact, it is uniquely within the purview of the jury. So long as the jury was appropriately instructed — in this case it was, *see infra*, Point III.A, and Wal-Mart in any event did not object to the instructions — there is no basis to second-guess its judgment about whether the facts of record establish a protectible trade dress, any more than there is reason in a tort case to question a jury's judgment about whether the facts establish negligence. The question might be occasionally difficult or nuanced, but answering hard questions is what we rely on juries to do. As Samara shows below, the appropriate test to apply to ascertain inherent distinctiveness of any form of trade dress, product design or package, is the tandem of *Abercrombie* and *Seabrook*. These tests provide a jury (or other finder of fact) with firm and definite guidance.

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31. *See, e.g., Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033 (2d Cir. 1993); *Wiley v. American Greetings Corp.*, 762 F.2d 139, 141 (1st Cir. 1985) ("Whether a design is 'inherently distinctive,' *i.e.*, whether it is arbitrary or merely descriptive, is ordinarily a question of fact.") (citation omitted); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183 n.12 (5th Cir. 1980) ("Any given term's correct categorization is a factual issue.") (citations omitted), *cert. denied*, 450 U.S. 981 (1981).

A. *Two Pesos* requires application of the *Abercrombie* classifications; *Seabrook* should be used as an adjunct or alternative to *Abercrombie*

1. *Two Pesos* mandates the same test for all forms of trade dress

This Court in *Two Pesos* held that the Fifth Circuit had been "quite right" to apply the *Abercrombie* classifications in asking whether the trade dress there at issue was inherently distinctive, *Two Pesos*, 505 U.S. at 773. The Court went on to note that there is no textual basis in § 43(a) for "treating inherently distinctive verbal or symbolic trademarks differently from inherently distinctive trade dress," *id.* at 774. There is similarly no basis in the text of § 43(a) for distinguishing between one type of trade dress (packaging) and another (product design).

Two Pesos criticized the Second Circuit for "den[ying] protection for unregistered, but inherently distinctive, marks of ***all kinds***, whether the claimed mark used distinctive words or symbols ***or distinctive product design***." *Id.* at 772 (emphasis added). In noting that the Second Circuit's approach of requiring secondary meaning even when a trade dress is inherently distinctive "is in considerable tension with the provisions of the Lanham Act," this Court explicitly grouped product designs with verbal or symbolic marks, and treated them the same way:

> If a verbal or symbolic mark ***or the features of a product design*** may be registered under § 2, it necessarily is a mark 'by which the goods of the applicant may be distinguished from the goods of others,' and must be registered unless otherwise disqualified. Since § 2 requires secondary meaning only as a condition to registering descriptive marks, there are plainly marks that are registrable without showing secondary meaning. These same marks, even if not registered, remain inherently capable of distinguishing the goods of the users of these marks.

Id. (emphasis added). *Two Pesos* thus directs that anything capable of distinguishing and identifying goods under § 43(a) should be evaluated the same way, and that *Abercrombie* is an appropriate test.

Three years later, in *Qualitex, supra*, this Court reaffirmed that *Abercrombie* is a viable test even for non-verbal marks. *Qualitex* holds that a single color, standing alone, can serve as a trademark — though because *Qualitex* suggests a single color is not suggestive, arbitrary or fanciful, it is protectible only on a showing of secondary meaning. 514 U.S. at 162-63.[32] *Qualitex* noted, however, that "'fanciful,' 'arbitrary' or 'suggestive' words ***or designs*** . . . almost automatically tell a customer they refer to a brand." *Id. Qualitex* thus confirms that this Court approves of applying the *Abercrombie* scale even to nonverbal marks.

2. *Abercrombie* and *Seabrook* together provide a reliable and objective test for testing all forms of trademarks

1. In the years since *Two Pesos*, many courts have applied the *Abercrombie* scale to determine whether product designs are inherently distinctive; it has proved to be workable both on appeal and in trial courts. *See, e.g., Ashley, supra*; *Pebble Beach, supra*; *Stuart Hall, supra*; *Kurt S. Adler, Inc. v. World Bazaars, Inc.*, 897 F. Supp. 92, 96-97 (S.D.N.Y. 1995); *Health O Meter, Inc. v. Terraillon Corp.*, 873 F. Supp. 1160, 1171 (N.D. Ill.), *app. dismissed*, 52 F.3d 342 (Fed. Cir. 1995); *Kompan A.S. v. Park Structures, Inc.*, 890 F. Supp. 1167, 1174 (N.D.N.Y. 1995).

2. Some courts do not apply the *Abercrombie* scale to product design trade dress because they say *Abercrombie* does not fit well as a framework for analyzing distinctiveness of product features. *See, e.g., Knitwaves, supra*, 71 F.3d at 1007; *Duraco, supra*, 40 F.3d at 1440-41. But this perceived difficulty does not justify discarding *Abercrombie*. As the Fourth Circuit observed earlier this year in *Ashley*, 187 F.3d at 370, "it is not inherently impossible, illogical, or anomalous to apply the *Abercrombie* categories to product configuration. The

32. *See* note 22, *supra*.

configuration of a banana flavored candy, for example, would be generic if the candy were round, descriptive if it were shaped like a banana, suggestive if it were shaped like a monkey, arbitrary if it were shaped like a trombone, and fanciful if it were formed into some hitherto unknown shape." Thus, the degree of "fit" depends on the particular product.

This is not to deny that it can be difficult at times to apply *Abercrombie* to a product design. *See, e.g., Krueger Int'l, Inc. v. Nightingale, Inc.*, 915 F. Supp. 595, 601 (S.D.N.Y. 1996) ("Does the shape of a chair seat 'suggest' a chair seat? Does it 'describe' a chair seat?"). But it can be difficult as well to apply *Abercrombie* to a package, *see, e.g., Rubbermaid Commercial Prods., Inc. v. Contico Int'l, Inc.*, 836 F. Supp. 1247, 1260 (W.D. Va. 1993) (the "line between 'suggestive' and 'descriptive' . . . is difficult to draw"), and often to words as well.[33] That a test sometimes presents perplexity is not a reason to discard it, *cf. Qualitex*, 514 U.S. at 168 (cautioning against "rel[ying] on an occasional problem to justify a blanket [rule]").

The lesson to be drawn from the occasional difficulty of the *Abercrombie* standard is not that a separate test is needed, but rather that the ultimate decision as to where a given trade dress fits on the scale necessarily is for the trier of fact. Much as factfinders decide whether a set of facts amounts to negligence, factfinders likewise can decide that a set of facts presents an inherently distinctive trade dress. Our system trusts properly instructed juries to make difficult factual decisions as a matter of course, *see* Pet. App. A at 6 & n.1.

3. In the final analysis, there is a great deal of merit to the position of the United States (U.S. Br. 16-17) that in principle, *Abercrombie* sets up a spectrum in which marks that bear no

33. *See, e.g., Thompson Medical Co., Inc. v. Pfizer, Inc.*, 753 F.2d 208, 213 (2d Cir. 1985) ("the judiciary is ill-equipped to distinguish between the descriptively suggestive and the suggestively descriptive marks"); *20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 747 F.2d 81, 87 (2d Cir. 1984) (decision is "slippery business"); *Abercrombie*, 537 F.2d at 10 (difficult to distinguish descriptive from suggestive).

relationship to the product (arbitrary or fanciful) are at one end, and those inextricably tied to the product (generic) are at the other, with a "variably problematic range" in the middle. So viewed, there is no reason to set up a different test for product design trade dress than for any other form of trade dress (or, for that matter, word marks); it is simply a matter of using the proper analytical tools and applying them correctly and consistently.

4. Because the task is not always an easy one, it will often be helpful to have a tool to assist in locating a particular trade dress on the *Abercrombie* spectrum. The logical tool is the *Seabrook* test, in which the finder of fact asks the court a non-exclusive set of questions to ascertain "whether a design is arbitrary or distinctive," including whether the design is common, whether it is unique and unusual, and whether it is a mere refinement of common ornamentation, 568 F.2d at 1344.

Seabrook is useful because it asks objective, market-oriented questions that direct the fact finder to compare the trade dress at hand to its peers in the market. After all, the issue is whether something is inherently distinctive: whether it distinguishes. It makes sense to look at what the product is being distinguished from. *Seabrook* thus is a logical complement to *Abercrombie*: clearly, a good way so see how close the relationship is between a mark or trade dress and its associated product (which is the question *Abercrombie* asks, *see Stuart Hall*, 51 F.3d at 786) is to look at the rest of the market: if the mark, or a slight variant of it, is commonly used, it is more likely to be an accoutrement of the product, and thus to be descriptive. If, however, the mark is unlike the remainder of the field, if it stands out among its peers, then it is more likely to be suggestive, arbitrary or fanciful. *See* U.S. Br. 19-20.

Applying *Seabrook* as an adjunct to *Abercrombie* is hardly a big leap in the law. Many lower courts already apply *Seabrook* with or alternatively to *Abercrombie*, either by explicit reference or by comparing the subject matter of the case to its competitors in the market. *See, e.g., Ashley, supra*, 187 F.3d at 371 (explicit reference to *Seabrook*); *Stuart Hall, supra*, 51 F.3d at 786-87

(explicit reference); *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 869-70 (8th Cir. 1994) (pillow-shaped package too common to be inherently distinctive); *Computer Care v. Service Sys. Enters.*, 982 F.2d 1063, 1069 (7th Cir. 1992) ("[E]vidence of uniqueness supports a finding that a trade dress is inherently distinctive"). *See also Mana Prods., Inv. v. Columbia Cosmetics Mfg., Inc.*, 65 F.3d 1063, 1069-70 (2d Cir. 1995) (black compact design too common to be distinctive). Even the Second Circuit purports to incorporate *Seabrook* into its analysis of product design trade dress, *see Landscape, supra*, 113 F.2d at 378 n.3 (Second Circuit *Knitwaves* test "fits neatly" into *Seabrook*).

Other courts apply *Seabrook* in preference to *Abercrombie*, even while recognizing that *Abercrombie* is a legitimate approach, *e.g., I.P. Lund, supra*, 163 F.3d at 40; *Tone Bros., Inc. v. Sysco Corp.*, 28 F.3d 1192, 1205 (Fed. Cir. 1994), *cert. denied*, 514 U.S. 1015 (1995). Using *Abercrombie* and *Seabrook* in tandem, or alternatively, based on context, will thus unify and simplify the lower courts' evaluation of all claims under the Lanham Act. *See* U.S. Br. at 22-24 (wide acceptance of *Seabrook*); Restatement § 16 cmt. b (same test for all forms of trade dress).

B. Reasons not to evaluate product design trade dress under a separate test from other kinds of trade dress.

Using a different test for product design trade dress is likely to lead to thorny definitional issues and a host of technical arguments that will have the effect of undermining the Lanham Act's policy of benefitting consumers by providing them with the kind of information that product differentiation provides.

1. The purported distinction between "packaging" and "product design" is not informative or helpful. The prime example of this is *Two Pesos* itself. The circuits disagree on whether the inherently distinctive trade dress at issue in *Two Pesos* — the layout and decor of a Mexican restaurant

— was packaging or product design.[34] Often the same trade dress can be either or both package and design. Consider a plastic bottle with a unique shape, say, a double helix. If sold with fruit drink in it, it would be a package, but if sold empty, as a sports bottle, it would be a product design. Yet it would be no more or less distinctive in either case. Or consider a product covered in a wrapper bearing an unusual pattern. Should the analysis of trade dress protectibility change if the pattern was printed directly on the item? How about if the pattern was embossed on the item? Or in bas relief? No logical demarcation can be drawn.[35]

2. The purported package/design distinction also is a potentially fertile font of litigation complexity. The fact-finder first would have to classify a claimed mark (package or design) in order to know which test to apply, and only then could proceed to apply that test to determine protectibility. What criteria would the Court enunciate to assist fact finders in deciding whether a trade dress is packaging or design? Are there objective criteria that make sense? Samara believes not.[36]

3. Any distinction between packaging and design would freeze the law into the present-day understanding of what a product is and how it is marketed. No one knows what types of products may arise in the future or what methods producers may then choose to distinguish their goods. Favoring one method of identifying source over another would restrict the flow of information to users and could have negative effects on

34. Compare *Duraco*, 40 F.3d at 1442 (more like a package), with *Ashley*, 187 F.3d at 370 (more like a product design).

35. Even the Second Circuit acknowledged that "it may at times be difficult to say exactly where a product stops and its packaging begins," *Landscape*, 113 F.3d at 379.

36. *Cf. Ashley, supra*, 187 F.3d at 371 ("the *Two Pesos* Court exhibited a desire for a uniform approach to claims under § 43(a)"); *Krueger Int'l, supra*, 915 F. Supp. at 602 ("the entire thrust of *Two Pesos* was to unify the standards for trademark and trade dress, not to balkanize this complex field into yet more subcategories").

future competition.[37] This is contrary to Congress's preference for flexibility in this area, *see supra* pp. 21-23.

4. Setting up a separate test will have unfair anticompetitive effects on producers whose products do not lend themselves readily to being displayed in a wrapper or package, or are not customarily so displayed. Such products as furniture,[38] greeting cards,[39] trucks[40] — or , as in this case, children's clothing — usually present themselves to the public based on the overall visual appearance of the object itself. There is nothing in logic or the Lanham Act to require that these vendors' efforts to distinguish their products be accorded less respect than the efforts of those whose products have labels or packaging.[41]

5. Even as to products that are initially sold in a package, producers might want to differentiate their product so that it remains identifiable even after the initial sale, after the wrapper is crumpled and discarded. *See, e.g., Insty*Bit, supra*, 95 F.3d at 672; D. M. Tichane, *The Maturing Trademark Doctrine of Post-Sale Confusion*, 85 Trademark Rep. 399, 405-10 (1995).

37. Consumers benefit from the greatest number of indicia by which to distinguish products: some may focus more strongly on words, while others on shapes. There is no reason to dissuade consumers from exercising their purchasing decisions on the basis of additional valuable information. It is not for the courts to shape the ways in which manufacturers create product-source associations, or the ways in which consumers develop those associations.

G.B. Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 N.C.L.Rev. 471, 561-62 (1997) ("Dinwoodie").

38. *See, e.g., Ashley, supra*, 187 F.3d 363 (4th Cir. 1999); *Imagineering, Inc. v. VanKlassens, Inc.*, 53 F.3d 1260 (Fed. Cir.), *cert. denied*, 516 U.S. 909 (1995).

39. *See, e.g., Roulo v. Russ Berrie*, 886 F.2d 931 (7th Cir. 1989).

40. *See, e.g., Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210 (8th Cir. 1976), *cert. denied*, 429 U.S. 861 (1976).

41. Dinwoodie, *supra*, 75 N.C. L. Rev. at 560.

Again: nothing justifies "making more difficult the identification of a producer with its product [by imposing] a secondary meaning requirement for a non-descriptive trade dress [that] would hinder improving or maintaining the producer's competitive position." *Two Pesos*, 505 U.S. at 774.

In short, "[i]t is simply incorrect to suggest that in all cases packaging or labeling will identify a product's source with greater certainty and immediacy than will the product's shape."[42] Therefore, there is no reason to set up a separate, more stringent test for product designs than for packaging.

C. The justifications given for setting up a stricter test for product designs are flawed

1. The courts and commentators who seek to impose a higher standard typically rely on the observation in Comment b to Restatement § 16, that "it is less common for consumers to recognize the design of a product or product feature as an indication of source," *e.g. Duraco*, 40 F.3d at 1441. But these authorities ignore the Restatement's rule in § 16, which is a single test for protectibility of all forms of trade dress. Indeed, comment b itself says that "[t]his section is also applicable to the recognition of trademark rights in the distinctive design features of the goods themselves." Whatever the drafters may have believed ***as a factual matter*** to be the likely outcome in the general run of cases, they recognized that the legal test should not change. Setting up a different test amounts to thumbing the scales in order to ensure that the outcome in any one case matches a pre-existing expectation of what the result should be, as a statistical matter, in the general run of cases. That is not only legally unwarranted, but unfair to individual litigants.

2. It appears that the proponents of a different test misconceive the nature of product design trade dress. The trade dress is ***not*** "the product itself," as the Third Circuit suggested in *Duraco, supra*, 40 F.3d at 1440. Rather, as the Fourth Circuit explained in *Ashley*, "the trade dress of a product, even in a

42. Dinwoodie, *supra*, 75 N.C. L. Rev. at 560.

product configuration case, consists not of the entire product but only of those nonfunctional features of the product that taken together, make up its total image." *Ashley*, 197 F.3d at 370, *citing Stuart Hall*, *supra*, 51 F.3d at 788. *See also* U.S. Br. 11-12.

3. Several amici have stated the concern that providing trade dress protection for "the product itself" will have undesirable anticompetitive effects. But competition concerns are adequately addressed by existing Lanham Act law. First, trade dress protection is pro-competitive. "Where the owner of a trade-mark has spent energy, time, and money in presenting to the public a product, he is protected in his investment from misappropriation by pirates and cheats." S. Rep. No. 1333, 79th Cong. 2d Sess. 3 (1946). Protecting trade dress, like protecting any trademark, is thus the very "essence of competition," *id.* at 5. Judge Posner and Professor Landes have shown that trademark protection increases both the quantity and quality of goods, precisely because a mark is both attractive and informative (similar to Samara's trade dress here).[43] Allowing the kind of free riding that Wal-Mart and certain amici are advocating here under the banner of "competition" will actually

43. A more attractive trademark is equivalent to a higher-quality good. So while a strong trademark increases the price that consumers are willing to pay for the good by lowering search costs, an attractive trademark raises prices by increasing the utility that consumers get from the good once they have bought it. Because a more attractive mark will usually be more expensive to produce, the firm will invest in such a mark only if it is rewarded by obtaining a higher price for each unit of the trademarked good that it sells. And the higher the price, the more units the firm will produce. Thus the effect of giving the attractive trademark legal protection is to increase both the quality and quantity of output, thereby benefitting consumers . . .

W.M. Landes and R.A. Posner, *The Economics of Trademark Law*, 78 T.M. Rep., 267, 296 (1988).

reduce the informational value of a brand or trade dress to consumers.

Second, trademark law already accommodates competition concerns elsewhere than in the test for inherent distinctiveness. The Lanham Act preserves competition by refusing to protect functional product features. A feature is functional "if exclusive use of the feature would put competitors at a non-reputation-related disadvantage." *Id.* at 165, citing *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 850 n.10 (1982); *see also Qualitex*, 514 U.S. at 169. Prohibiting Lanham Act protection for functional features "assure[s] that competition will not be stifled by the exhaustion of a limited number of trade dresses," *Two Pesos*, 505 U.S. at 775. If a trade dress is not functional, there need be no concern that "the initial user of any shape or design would cut off competition from products of like design and shape," *id.* Here, the number of ways to make attractive clothing is virtually infinite.[44] JA 61; *Knitwaves*, 71 F.3d at 1006. There is no market foreclosure concern; other producers do not ***need*** to copy Samara to compete.[45]

The Lanham Act also accommodates competition another way: by refusing protection to marks that become generic marks, *see* 15 U.S.C. § 1064(3). Thus, if competitors needed to use the particular combinations of features Samara uses because they define the product, trademark law would protect their access.

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44. Amicus's unsupported assertion to the contrary (Brief of Amicus International Mass Retail Assn. at 12) is at odds with the factual record in this case (*e.g.*, JA 61), the dozens of garments in the record, and with the case law, *see Knitwaves*, 71 F.3d at 1006. It is also contrary to common sense.

45. As the Court of Customs and Patent Appeals noted in *Morton-Norwich, supra*, 671 F.2d at 1339:

> the public policy involved in this area of the law [i]s not the right to slavishly copy articles which are not protected by patent or copyright, but the need to copy those articles, which is more properly termed the right to compete effectively.

But that is not the case here. There has been no showing of market foreclosure, other than *ipse dixit* assertions. The record in this case, with its plethora of different ways to make clothing, conclusively shows the total lack of impact on competition.[46]

D. The proposed alternative tests lack grounding in the Lanham Act and are contrary to *Two Pesos*

1. The test proposed by Wal-Mart has no grounding in the law and is unworkable

Wal-Mart has proposed a test for inherent distinctiveness of trade dress that has never been applied by any court, is unworkable, imports concepts that have nothing to do with inherent distinctiveness (and thus go far beyond the question this Court framed), and appears to have been manufactured by Wal-Mart specifically to match Wal-Mart's view of the facts of this case. Wal-Mart proposes that a product design is inherently distinctive only if it is "a consistent and particular design that is so unique as to be automatically, immediately, and primarily perceived as indicating source" Pet. Br. 32. As did Wal-Mart, we deal with each part of this test separately.

a. *"Consistent and particular."* Wal-Mart began to argue that the overall Samara look is too vague to be protected once

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46. The number of alternative clothing designs not only confirms the lack of any competition concerns, it also confirms that Samara's trade dress is indeed distinctive. As one ascends the *Abercrombie* scale from generic to fanciful, the number of available alternatives increases. There are very few generic names for a product. There are somewhat more terms that describe the item or its properties. The number of possible suggestive marks is significantly greater, the number of arbitrary marks even greater and the number of fanciful marks almost infinite. *Abercrombie*, 537 F.2d at 10-11. This makes the number of alternatives a handy proxy for level of distinctiveness. *See, e.g., Mana Prods., supra*, 65 F.3d at 1070; *Paddington Corp. v. Attiki Importers & Distribs., Inc.*, 996 F.2d 577, 584 (2d Cir. 1993) (bottle trade dress was arbitrary because chosen from an "almost limitless supply of patterns, colors and designs"); *W.T. Rogers Co., Inc. v. Keene*, 778 F.3d 334, 339 (7th Cir. 1985) ("ornamental, fanciful shapes are not in short supply"); *Kompan, supra*, 890 F. Supp. at 1173. *Cf.* U.S. Br. at 14.

the Second Circuit decided *Landscape*, which happened after the trial in this case, but before the district court ruled on post-trial motions. Wal-Mart now wants to elevate this argument into a test for inherent distinctiveness. It did not so argue during the trial or in requested jury instructions.

The first problem with the argument is that consistency and particularity might affect the scope of protectibility, but they are not components of inherent distinctiveness any more than non-functionality or use in commerce are elements of inherent distinctiveness. The only issue before this Court is inherent distinctiveness.

That "consistency and particularity" are not elements of inherent distinctiveness is apparent from the authorities Wal-Mart cites. These authorities demonstrate that ***all*** marks, whether their distinctiveness is inherent or acquired, must be sufficiently describable to be registered. Thus, TMEP § 1202.03(c), which requires "an acceptable statement describing the mark," is not in the section of the Manual dealing with distinctiveness of product designs; that subject is covered in § 1202.03(b) and its subparts. (Note that the TMEP subsection immediately preceding §1202.03(c) deals with secondary meaning.) In other words, description is required for ***all*** marks, whether "inherently distinctive" or not. Similarly, a drawing of the mark is required for ***all*** registration applications, 15 U.S.C. § 1051(a)(1)(B); 37 C.F.R. § 2.51(d).

Landscape confirms the point. Under *Landscape*, adequate description of a trade dress ***precedes*** testing for degree of distinctiveness: "Without such a precise expression of the character and scope of the claimed trade dress, . . . courts will be unable to evaluate how unique and unexpected the design elements are in the relevant market." 113 F.3d at 381. *See also* McCarthy § 8:3 at 8-8 ("Only [with a proper description] can the court and the parties coherently define exactly what the trade dress consists of ***and determine whether that trade dress is valid***. . . .") (emphasis added). This element — "consistent and particular" — is thus not part of inherent distinctiveness, any

more than is non-functionality or use in commerce. (In any event, Samara's trade dress is definite, *see infra* pp. 47-48.)

Moreover, Wal-Mart's articulation of the definiteness requirement is vastly overstated. Trade dress, or any trademark, does not have to be described in the same degree of detail as a patent.[47] The trade dress only needs to be described well enough that it is possible to frame an injunction that gives adequate notice what is being proscribed. After all, what an injunction against trade dress infringement prohibits is confusing similarity to an overall appearance; as the amount of verbal detail in the injunction increases, it becomes easier for a latecomer to avoid contempt while still infringing. *See Imagineering, Inc. v. Van Klassens, Inc.*, 851 F. Supp. 532, 541 (S.D.N.Y. 1994), *aff'd in part and rev'd in part on other grounds*, 53 F.3d 1260 (Fed. Cir.), *cert. denied*, 516 U.S. 909 (1995). In that connection, any uncertainty about the scope of the trade dress can be easily alleviated by appending photographs, *id*. That is what was done here. JA 283-327.

b. "*Unique*." If this is just an attempt to apply *Seabrook*, it is conceptually unobjectionable. But it requires elaboration. Standing alone, "unique" is unduly both strict and vague, because it does not explain that uniqueness under *Seabrook* calls for the factfinder to judge the product in its market context.

c. "*Automatically, immediately and primarily perceived as indicating source*." This element of Wal-Mart's proposed test evokes, with some adjectives added, the third element of the Third Circuit's standard in *Duraco, supra*, 40 F.3d at 1450 ("it must be likely that the product configuration will primarily serve as a designator of the source of the product"). It is also similar to (the formulation announced

47. *See* INTA Br. at 22 ("Competition may be limited if distinctive, source-identifying, product appearances are not afforded trade dress protection or are required, as in *Landscape Forms*, 113 F.3d at 381-82, to be delineated with the precision of patent claims.")

by) the Second Circuit's test in *Knitwaves* ("likely to serve primarily as an indicator of source").[48]

This test is unworkable for two reasons. First, it looks at the relationship of consumers to the product, instead of either the relationship of the trade dress to the product (as in *Abercrombie*) or the relationship of the product to the rest of the market (as in *Seabrook*), *Stuart Hall*, 51 F.3d at 787. A focus directly on consumers' relationship to the product is the essence of secondary meaning: "[t]o establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself." *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 851 n.11 (1982). This Court's definition of secondary meaning substantively matches Wal-Mart's proffered definition of inherent distinctiveness, though Wal-Mart adds some adjectives ("automatically, immediately"). But the adjectives do not change the nature of the test. Even if proof of "likely" consumer perception is different in degree from proof of *actual* consumer perception, it is still proof of consumer perception. Thus, facts needed to prove inherent distinctiveness under the "heightened scrutiny" standard necessarily incorporate facts ordinarily used to prove secondary meaning. *See Stuart Hall*, *supra*, 51 F.3d at 788; *Ashley*, *supra*, 187 F.3d at 372. This seems to undercut *Two Pesos*.

This case is a perfect example of the confusion such a standard can cause. The district court's opinion collapsed the two inquiries — inherent distinctiveness and secondary meaning — into a single analysis. Thus, after the district court's opinion summarized *Knitwaves* and *Landscape*, it proceeded to say that secondary meaning evidence is also relevant "indirectly" to showing that a trade dress meets the *Knitwaves/Landscape*

48. This formulation by Wal-Mart is so similar in substance (*sans* rhetorical adjectives) to the Second Circuit's standard that, if it were adopted, the Court should affirm. After all, the Second Circuit applied that standard and held in Samara's favor.

standard (Pet. App. B at 46-47). The district court then summarized the factors that led it to sustain the verdict. "The garments themselves" was one factor. Also, "[t]he jury saw dozens of garments, not only Samara and Wal-Mart garments, but children's garments sold by many other companies as well. Thus, the jury saw for itself the designs of the Samara products, the Wal-Mart products, and other competing products." (Pet. App. B at 47-48). This is, of course, the type of evidence that *Abercrombie* and *Seabrook* look to: the product itself and its peers in the market. But the district court also considered, in the same analysis: Samara's efforts to build brand loyalty; its consistent use of the same elements to produce a "look"; its advertising; its sale success; and Wal-Mart's deliberate copying. *Id.* at 48-49. The latter usually are considered as evidence of secondary meaning,[49] yet the district court considered these in determining whether the trial record supported the verdict under *Knitwaves* and *Landscape*, which purport to discuss inherent distinctiveness.

The Second Circuit's opinion in this case also cites similar evidence in explaining how the trial record in this case meets *Knitwaves, e.g.*, Pet. App. A at 9-10 (looking to, among other things, Samara's intent to use the look to indicate source,[50] its years of use and sales success). This case thus illustrates quite clearly the degree to which secondary meaning concepts are needed to show that a mark is likely primarily to indicate source. And this case is not the only one; other cases show similar

49. *See, e.g., Arrow Fastener Co. v. The Stanley Works*, 59 F.3d 384, 394 (2d Cir. 1995) (advertising expenditures, consumer studies, sales, competitors' attempts to plagiarize the mark, and length and exclusivity of the mark's use); *M. Kramer Mfg. Co. v. Andrews*, 783 F.2d 421, 448 (4th Cir. 1986) (intentional direct copying creates presumption of secondary meaning).

50. Although the producer's intent should not be dispositive, it can be useful evidentiary datum. After all, when someone in the clothing industry sets about to create a look that sets his goods apart, he is knowledgeable about what it would take to set them apart, so there is at least some degree of probability that he will succeed in doing so.

confusion.[51] The First Circuit has noted the difficulty, *I.P. Lund, supra*, 163 F.3d at 41 ("In contrast to the Second Circuit, we believe that *Two Pesos* obliges courts to maintain a clear distinction between the inquiry into secondary meaning and the inquiry into inherent distinctiveness.").

Second, the basic problem with tests that look at source-indication power directly is that they get the analysis backwards. If a trade dress is inherently distinctive, it is ***presumed*** to be an indicator of source, *see, e.g., Ashley, supra*, 187 F.3d at 372. It "almost automatically tell[s] a customer that [it] refer[s] to a brand" ***because*** it is fanciful, arbitrary or suggestive, *Qualitex*, 514 U.S. at 162-63. In other words, if the trade dress is unique (within the meaning of *Seabrook*), then that means it is inherently distinctive — and therefore in and of itself will be deemed to "automatically" and "immediately" indicate source.[52] Wal-Mart's proposed test (and the tests on which it is based) thus gets matters precisely backwards: it confuses the ***conclusion*** that a trade dress indicates source for a test of ***whether*** it does so. The United States makes essentially the same observation about this type of test, U.S. Br. at 27-28.

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51. For example, in *Nabisco, Inc. v. PF Brands, Inc.*, 50 F. Supp. 2d 188 (S.D.N.Y.), *aff'd*, 191 F.3d 208 (2d Cir. 1999), the district court had to decide whether the shape of Pepperidge Farm's "Goldfish" crackers was inherently distinctive. After summarizing *Landscape*, *Knitwaves* and the Second Circuit opinion in this case, the court analyzed inherent distinctiveness by looking at advertising, length of use, publicity and media attention. The Court then concluded that "[b]ecause the Goldfish are inherently distinctive, there is no need to address whether the product design has acquired a secondary meaning." 50 F. Supp. 2d at 199. Thus, as in this case, evidence normally associated with secondary meaning was instead necessarily imported into the analysis of inherent distinctiveness.

52. The United States correctly points out that "primarily" operates to narrow the scope of distinctiveness unduly; it is irrelevant whether a feature serves another purpose in addition to indicating source. (U.S. Br. 27).

The only way these tests can make sense is to say (as the First Circuit did) that *Seabrook* and *Knitwaves* can be two sides of the same coin. *I.P. Lund*, 163 F.3d at 41. *Landscape* as well suggested that *Knitwaves* is an application of *Seabrook*, 113 F.3d at 382 n. 3. But if *Knitwaves* is just *Seabrook* using different words, why not use *Seabrook* and avoid the confusion?

2. The Third Circuit test is similarly deficient

The tripartite inquiry called for by the Third Circuit in *Duraco* (and advocated by amicus Private Label Manufacturers Association) is like Wal-Mart's proposed standard in that it calls for an evaluation whether the claimed trade dress is "likely to serve primarily as a designator of origin." 40 F.3d at 1448-49. For similar reasons, it is fatally deficient: it calls for some quantum of proof of secondary meaning. *See supra*, pp. 37-41.

The second prong of the Third Circuit's test is that the claimed trade dress be "conceptually separable from the product." *Id.* As elaborated in *Duraco*, this means it "must not appear to the consumer as a mere component, or the essence, of the product gestalt . . . [or] as a component of the good." *Id.* at 1449-50. But this appears to be merely a variant of the functionality doctrine and does not pertain to inherent distinctiveness. Amicus AIPLA agrees, *see* AIPLA Br. at 12 n.7, as does the United States, U.S. Br. 26.

Finally, the first element of the *Duraco* test — "unusual and memorable" — suffers from the same deficiencies as Wal-Mart's "unique" test. *See supra*, p. 37.[53]

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53. The circuits that had held, before *Two Pesos*, that secondary meaning was always needed for trade dress were the Second (*see* cases cited at p. 16, *supra*) and Third, *see Merchant & Evans, Inc. v. Roosevelt Building Prods. Co.*, 963 F.2d 628, 633 (3d Cir. 1992). It is thus notable that the two circuits that have now formulated standards for product design trade dress that incorporate a requirement akin to secondary meaning are the very same two circuits. It appears that these courts are making an end-run around *Two Pesos*, albeit in the somewhat narrower context of product design.

III. THIS COURT SHOULD AFFIRM THE SECOND CIRCUIT'S JUDGMENT

Wal-Mart's appeal was (and still is) from denial of its motion under Fed. R. Civ. P. 50 for judgment as a matter of law (Petn. Br. 5). Under Rule 50, the court does not weigh evidence; it draws all factual inferences in favor of the nonmovant. *Lytle v. Household Mfg., Inc.*, 494 U.S. 545, 554 (1990); *Cf. Anderson v. Liberty Lobby*, 477 U.S. 242, 200 (1986) (motion for directed verdict should be granted only "if there can be but one reasonable conclusion as to the verdict"). Unless there can be only one conclusion, without weighing evidence or assessing credibility, the jury's verdict must be upheld. 9A C.A. Wright & A. Miller, *Federal Practice and Procedure* § 2524 at 262 (1995) (quoting *Simblest v. Maryland*, 427 F.2d 1, 4 (2d Cir. 1970).) It is enough that there was evidence in the record from which the jury could reach the decision it did. *Berry v. United States*, 312 U.S. 450, 453 (1941). Because the jury instructions here were correct; because evidence in the record supports the verdict; and because two courts have already passed on the facts before this case arrived in this Court, no remand is necessary. The Court should affirm in accordance with settled principles of appellate review.

A. The Jury Instructions

The trial court instructed the jury that

> [a] trade dress is inherently distinctive if its intrinsic nature serves to identify a particular source of the product. An inherently distinctive trade dress is one that is likely to serve primarily as a designator of origin of the product, taking into consideration the nature of the trade dress and the context in which it is used. In determining whether the trade dress is inherently distinctive, you should consider the combination of elements forming the product's overall appearance.

(JA 143). This instruction tracks *Knitwaves*' formulation — "likely to serve primarily as a designator of source." It also references *Seabrook*, because it refers to market context.

The district court proceeded to instruct the jury on the "*Abercrombie*" classifications (JA 143), and then returned to *Seabrook*, by stressing the importance of comparing the products to the rest of the market: "Trade dress features that are commonplace or customarily used to package products in a given industry are generally not distinctive so as to set the goods of a particular seller apart from the competition" (*id.*).

Wal-Mart did not object to any of these jury instructions and did not contend previously that the district court's statement of the law to the jury on this score is incorrect.[54] Fed. R. Civ. P. 51 thus bars any contention that these instructions were erroneous.[55] Thus, Wal-Mart's position consists largely of disagreement with factual findings made by an adequately instructed jury.

B. No Remand is Necessary Based on the Record in the Case

Samara's legal position on the question the Court framed is quite similar to the United States'; the main area of disagreement is whether a remand is needed. However, the United States has not made any reference to the factual record in the case or the jury instructions. Nor did it discuss either the proper standard for appellate review of a ruling under Rule 50, or the fact that two courts have already reviewed and determined the facts of this case, *see NCAA v. Board of Regents*, 468 U.S. 85, 97 n.15 (1984) ("we must now accord great weight to a

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54. Because the district court instructed the jury in the substance of the *Abercrombie* and *Seabrook* standards, as well as the *Knitwaves* standard, the Court should affirm the judgment without a further remand if it adopts any of these tests. Although Samara believes it ultimately would prevail even under the *Duraco* standard, Samara recognizes that if the Court adopts the *Duraco* standard, a remand likely would be necessary because the district court did not so instruct the jury.

55. As the Second Circuit found, Wal-Mart waived its request for an instruction on the role of labels. Pet. App. A at 22-25.

finding of fact which has been made by a district court and approved by a court of appeals"); *Rogers v. Lodge*, 458 U.S. 613, 623 (1982) ("this Court has frequently noted its reluctance to disturb findings of fact concurred in by two lower courts").

No remand to the Court of Appeals is necessary here because the Second Circuit actually made the *Seabrook* analysis in this case, though it did not reference *Seabrook* by name. (The district court relied on *Seabrook* expressly, Pet. App. B at 47). That it did so is apparent from two facts. First, in affirming the district court's holding, the Second Circuit relied on *Seabrook*'s approach of comparing the trade dress at issue to its competitors in the market (in addition to other factors): one of the factors the Second Circuit relied on was "[the jury's] analysis of the dozens of garments displayed at trial," Pet. App. A 14. Comparing the Samara garments to the other garments in the record is, of course, precisely what *Seabrook* requires. (As noted, the jury instructions effectively incorporated *Seabrook*). Because the Second Circuit expressly relied on the jury's having made that analysis, no remand is needed.

Second, the Second Circuit has already indicated that its *Knitwaves/Landscape* standard is akin to the *Seabrook* inquiry, 113 F.3d at 378 n.3.[56] Notably, *Landscape* stresses — in a passage quoted by the court below, Pet. App. A at 11 — that the court's role is to evaluate "how unique and unexpected the design elements are in the relevant market." This is, of course, the heart of the *Seabrook* inquiry. Thus, because the Second Circuit applied *Knitwaves* and *Landscape* in affirming the district court, *see* Pet. App. A, it necessarily also applied *Seabrook*.

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56. Thus, *Landscape* notes that, in the context of clothing (which is what *Knitwaves* was about), inquiring whether a product is likely primarily to indicate source is simply a different way of stating the third *Seabrook* question: "*Knitwaves* fits neatly under the last *Seabrook* question, as the autumnal pattern [on the sweaters at issue in *Knitwaves*] is a 'commonly adopted . . . form of ornamentation." 113 F.3d at 378 n.3.

C. This Court should affirm under *Abercrombie/Seabrook* and Wal-Mart's own test.

1. *Abercrombie/Seabrook*.

The evidence outlined above (pp. 1-4, *supra*) amply supports the verdict in this case. The appearance of the Samara garments was markedly and noticeably different from that of the numerous other garments placed in evidence. Clearly, in view of the noticeable differences, the wide variety of available alternatives, and the testimony of Kleist, Hamilton and Gosda, the jury was justified in finding the Samara trade dress inherently distinctive.

Most of the complaints from Wal-Mart and amici about the result below focus on the individual elements comprising the trade dress. Thus, Wal-Mart (like the dissent below) objects that seersucker, appliques, putting appliques on collars and the like are commonly used (Pet. Br. 46-47). But there is an almost infinite number of ways to use each of these design elements, whether alone or in various combinations. And as the district court noted, Pet. App. B at 46, the trade dress is not the individual elements, but their overall combination. There is no evidence that Samara's trade dress is commonly used.[57]

Because there is more than enough evidence to support the verdict, the Court need not consider Wal-Mart's factual arguments. That there may be some factual matter in the record to Wal-Mart's liking is not the point. Rather, the sole question for a reviewing court is whether there is sufficient evidence to support the jury's verdict, and in this case there plainly is.

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57. In any event, "[t]hird party use of one or more suggestive or arbitrary elements of a plaintiff's trade dress renders that trade dress indistinct only if the third party use is so extensive and so similar to the plaintiff's that it impairs the ability of customers to use the trade dress of the products to identify their source." *AmBrit, supra*, 812 F.2d at 1537.

In addition, Wal-Mart's recitation of the facts in the record below is not even accurate. For instance, Wal-Mart refers to a Simplicity pattern to make a dress with a watermelon applique collar that supposedly is just like Samara's (Pet. Br. 46-47) — but the Simplicity watermelon design was not a collar at all and not even an applique, but rather [redacted] of the body of the garment itself. (JA 69-70).

Wal-Mart also give a misleading picture of the testimony regarding other manufacturers' making garments supposedly bearing Samara's trade dress. There was ***no*** testimony, nor an example, of a garment sold by anyone else that comes within the definition of Samara's trade dress as articulated by the Second Circuit,[58] Pet. App. A at 12-13, 18-20 (or by Samara in the district court, JA 279-81). Nor do other manufacturers routinely sell Samara look-alikes. What Samara's Vice President, Mr. Goldman said is that sometimes in other manufacturer's lines "[t]here could be a garment out of 70 in their line that might have more of a feel of ours than the rest of their line." (JA 97). An occasional overlap is a far cry from Wal-Mart's assertion that other companies routinely make Samara look-alikes. At worst, all this means is that others from time to time may in a small way (and likely innocently) infringe Samara's trade dress. It does not mean there is no trade dress, and it does not mean Samara's trade dress is common or typical. But it does underscore that this is a fact issue.

58. Despite Wal-Mart's flat assertion to the contrary (Pet. Br. 47), the garments shown on JA 189 and 241 do not meet the Second Circuit's definition of the Samara look. JA 189 is not a full cut body, lacks any collar, mixes large and small appliques, has appliques not placed symmetrically at the collar line, has both embroidered and cloth appliques and does not even appear to be seersucker. JA 241 does not have appliques in the construction of the collar (they hang off the collar); it is not a full-cut body. Ms. Gosda testified about why it does not look like a Samara garment, and the reasons match the reasons it does not fit the Second Circuit's definition (JA 66-67).

2. *Knitwaves/Landscape*

The Second Circuit, which articulated the *Knitwaves/Landscape* test, upheld the jury's verdict by applying its own standard ("likely to be perceived primarily as an indicator of source"). Thus, if this test is chosen (or even Wal-Mart's variant of it), an affirmance necessarily must follow. The final section of Wal-Mart's brief (pp. 47-49) restates the same arguments that failed in the Second Circuit, primarily the contention that the Samara garments' appearance was selected for aesthetic value rather then for source indication, *compare* Wal-Mart's brief below at 12-15, 16-17.

But this argument must fail. First, the Second Circuit found there was ample indication in the record that Samara's trade dress serves (and was designed to serve) a source-indicating purpose, Pet. App. A at 9-10. Second, a trade dress can be both attractive and source-indicating. The Second Circuit said as much in *Landscape*, 113 F.3d at 378 n.3; the United States agrees (U.S. Br. 27); other authority is in accord;[59] and common sense says so as well. After all, trademarks and trade dress should attract buyers — if they were required to be ugly to be protected, their whole purpose would be defeated.

3. *Wal-Mart's "consistent and particular" standard*

Samara showed above that consistency and particularity have nothing to do with inherent distinctiveness, and thus are beyond the scope of the question framed by the Court, *see supra*, pp. 36-37. Even were the Court to address this issue, though, Samara still should prevail. Both the district court and the court of appeals found sufficient evidence in the record that Samara's garments had a consistent and particular appearance. Under the "two courts" rule, this Court should not disturb that finding.

Samara ***has*** adequately described its trade dress. It consists of a very limited menu of design elements, which

59. *E.g. Krueger Int'l, supra*, 915 F. Supp. at 606; Dinwoodie, *supra*, 75 N.C.L. Rev. at 548-49.

are then combined in a small number of very predictable, highly consistent ways, *see supra* pp. 1-4.[60] What Wal-Mart is arguing about is the Second Circuit's synthesis of the common elements in the subsets. But the record evidence, including the testimony of Samara witnesses, a third party witness (Hamilton) and Wal-Mart's own buyer Kleist, the jurors' own perceptions, and the sheer breadth of Wal-Mart's copying, shows that the Samara line has a "coherent total image." *Imagineering, supra*, 53 F.3d at 1264.[61] Wal-Mart gives no weight to the fact that this is a ***line*** of clothing. As the Court of Appeals noted (Pet. App. 20), there will always be some degree of variation within a line.[62] At most, the consequence of Wal-Mart's argument is that Samara has six consistent trade dresses.

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60. The particular combinations appear as ¶2(a)-(f) of the proposed form of judgment Samara submitted in the district court (JA279-81). The array on Page 40 of Wal-Mart's brief is highly misleading, because it was made by taking from as many subsets as possible: one from each of the six subsets, plus a second from three of the subsets.

61. Wal-Mart's related argument that the Samara witnesses could not place into words the overall look, or that the complaint describes the look too vaguely, is irrelevant. On appeal the issue is whether evidence in the record supports the verdict. In any event, Gosda's testimony about having to learn the look (Pet. Br. 48) and Goldman's (*id.* 45) both relate to ***making*** the garments, ***not*** to recognizing them. Recognizing is what inherent distinctiveness is about.

62. *See, e.g., Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268, 1270 (10th Cir.), *cert. denied*, 488 U.S. 908 (1988) (protecting overall appearance of a line of cards bearing "some or all" of the listed features); *Fuddrucker's, Inc. v. Doc's B.R.Others, Inc.* 826 F.2d 837, 839-40 (9th Cir. 1985) (trade dress in overall appearance of line of restaurants that "do not all have precisely the same decor"); *Libby Glass, Inc. v. Oneida Ltd.*, 61 F. Supp. 2d 700, 704-05 (N.D.Ohio 1999) (trade dress adequately defined in seven separate patterns). There is no authority that a line is not protectible, or should be subject to a more stringent test.

In any event, Wal-Mart failed at the trial to request a jury instruction on consistency. If Wal-Mart believes that to be an element of inherent distinctiveness, it should have requested that the jury be so told. Fed. R. Civ. P. 51.

Finally, contrary to Wal-Mart's assertion (Pet. Br. 48), selling one's trade-dressed goods for sale under a private label does not necessarily vitiate trade dress protection. *See, e.g., Insty*Bit, supra*, 95 F.3d at 666 (private labeling not fatal to inherent distinctiveness). Despite a label, consumers still may be confused because they could assume that there is a license or affiliation between the source and the retail outlet, *see Taco Cabana, supra*, 932 F.2d at 1122 ("The issue is not whether consumers can read signs and menus that identify different restaurants, but whether consumers assume some affiliation between *Taco Cabana* and *Two Pesos*").

CONCLUSION

The judgment should be affirmed.

Respectfully submitted,

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IN THE

Supreme Court of the United States

WAL-MART STORES, INC.,

Petitioner,

v.

SAMARA BROTHERS, INC.,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

REPLY BRIEF FOR PETITIONER

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INTRODUCTION

The Lanham Act and its judicial precedent are a legal jungle. Very few crisp and clear rules are found. As is evidenced by the variety of different tests proposed by the appellate courts and the many briefs submitted to this Court, no simple answer exists to this Court's question: what must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade dress protection?

In this reply brief, we hope to demonstrate, through statutory interpretation, that Congress considered a product's design to be unlike traditional trademarks and subject to the more arduous test of secondary meaning to attain distinctiveness. In the alternative, we urge the Court to adopt a test of inherent distinctiveness that requires a showing that the product configuration is "a consistent and particular design that is so unique as to be automatically, immediately, and primarily perceived as indicating origin."

ARGUMENT

I.

THE TEXT AND HISTORY OF THE LANHAM ACT SUGGEST THAT A PRODUCT CONFIGURATION CAN NEVER BE "INHERENTLY DISTINCTIVE" TRADE DRESS.

In the various briefs submitted by the parties and *amici*, no one seriously quarrels with the proposition that the analysis of the scope of protection afforded to product configuration must begin with language of the Lanham Act. This approach is sensible and informative. *See, e.g.*, *Park 'n Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 190, 194 (1985) ("statutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language [of the Lanham Act] accurately expresses the legislative purpose.").

Nor does any brief suggest that the legislative history of the Lanham Act should not be examined. This Court has regularly turned to legislative materials in buttressing its interpretation of the Lanham Act. *E.g., id.* at 197-98 ("[n]othing in the legislative history of the Lanham Act supports a departure from the plain language of the statutory provisions concerning incontestability"); *see also Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 171-73 (1995).

What do the statute and its history tell us about when a "configuration of goods" can be registered as a trademark under § 2 and thus protectable under § 43(a) of the Lanham Act?[1] Wal-Mart contends that the statute, when read as a whole, ratifies the common law rule that product configuration cannot serve as distinctive trade dress absent "secondary meaning." *See, e.g., Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157-58 (1989) ("With some notable exceptions … the common-law tort of unfair competition has been limited to protection against copying of nonfunctional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source."); *see also Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 301 (2nd Cir. 1917).

The common law required secondary meaning because a product configuration is inherently *descriptive* of the product itself. Congress ratified this view in 1946 when it allowed applicants to register configurations of goods on the Supplemental Register for the sole purpose of facilitating protection of marks abroad. *See Hearings on H.R. 4744 before Subcomm. on Trademarks of the House Comm. on*

[1] Section 43(a) "protects qualifying unregistered trademarks… [employing] the general principles qualifying a mark for registration under § 2 of the Lanham Act…." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).

Patents, 76th Cong., 1st Sess. 126, 125-37 (1939) (quoted in Pet. Br. at 16 n. 8). The congressional determination then that such marks were only "capable" of indicating source, but were not inherently distinctive, remains true today. The shape of a product always describes the product. It can only indicate the source of the product on proof of "acquired" distinctiveness. And the Lanham Act expressly bars registration of merely descriptive marks unless they acquire distinctiveness. *See* §§ 2(e) & 2(f), 15 U.S.C. §§ 1052(e) & (f).

A. The Term "Configuration Of Goods" Appears Only In Section 23(c) Of The Act Allowing Registration On The Supplemental Register. Why Is It There And There Alone?

No one challenges the fact that the term "configuration of goods" appears only in § 23 of the Lanham Act – the provision dealing with the Supplemental Register. The term is not explicitly found in subchapter I of the Act, 15 U.S.C. §§ 1051-1072 (pertaining to registration on the Principal Register), nor in the definition of a "trademark" in § 45, nor in the text of § 43(a), nor in any other part of the statute.

This singular appearance of the term "configuration of goods" is at least some indication that Congress viewed a "configuration of goods" as a distinct subject matter. Stated another way, a "configuration of goods" is not a symbol, word, term, name, numeral, device, label, or package, nor is it included within these or any other terms in the Act. It is a separate concept; it is a fundamentally different kind of mark. The placement and retention of this separate term only in § 23(c), pertaining to the Supplemental Register, and the contemporaneous legislative history explaining the placement, we submit, evince a congressional requirement that secondary meaning be established for a product configuration to be protected.

Samara's principal challenge to this statutory argument is that it purportedly proves too much. (*E.g.*, Resp. Br. 11 -- "The consequence of Wal-Mart's reading of § 23 … would be the death of virtually all trade dress protection.") Samara overstates the consequence of Wal-Mart's proposed construction.

As our initial brief acknowledges, § 23(c) contains many terms that define "marks" eligible for registration on the Supplemental Register: "trademark, symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral, device…." Samara contends that, if Wal-Mart's interpretation of § 23(c) were correct, *all* of these terms must also require secondary meaning to escape the Supplemental Register and enter the Principal Register as distinctive marks. A proper understanding of the statute, in light of its legislative history, does not lead to that conclusion.

As discussed in our initial brief, a principal purpose of establishing the Supplemental Register was to obtain the benefits of registration in foreign countries of a "mark" not otherwise registrable under U.S. trademark law.[2] To help American companies achieve foreign protection, Congress crafted a list of all kinds of non-distinctive marks which might be "capable" of distinguishing goods or services, but which had not yet attained distinctive status.

A careful review of each of the terms in § 23(c) shows that most of those words are also used elsewhere in the Lanham Act (*i.e.*, "trademark," "symbol," "name," "word," and "device"); some have a plain meaning affirmed by other references in the Lanham Act (*i.e.*, "slogan" and "phrase"); and some can never be inherently distinctive (*i.e.*,

[2] This point was conceded by the *amicus* brief submitted by Ashley Furniture, et al. (Ashley Furniture, et al., Br. at 9 n. 3 *citing* 3 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 19:33 (4th ed. 1999)).

"surname," "geographic name," and "configuration of goods"). For some of the terms in § 23(c), including "configuration of goods," the *only* path to registration is through § 2(f) – proof of secondary meaning.

To prove this conclusion and to rebut Samara's challenge, we review here each of the specific terms in § 23(c):

1. "Trademark" is the first term identified in § 23(c). But it also appears throughout the Act, particularly in § 2 (the Principal Register section), § 43(a) (the unfair competition section), and § 45 (the definitions section of the entire Act). Under the literal text of § 2, a "trademark" may be registered on the Principal Register unless it is excluded under one of the subsections in § 2, including subsection (e), which prohibits the registration of "merely descriptive" marks. Of course, under § 2(f), such marks may be protectible if they acquire distinctiveness. The use of the word "trademark" in various sections of the statute means that some "trademarks" can be inherently distinctive (through § 2); some have, through secondary meaning, acquired distinctiveness (through § 2(f)); and some are only "capable" of distinctiveness by acquiring secondary meaning (§ 23(c)). In contrast, "configuration of goods" is not a term that enjoys such versatility in the statute. It is found only in § 23(c).

2. "Symbol," "name," "word," and "device" are found in § 23(c), and in both § 43(a) and § 45. In particular, they are explicitly deemed to be "trademarks" in § 45. This parallel use means that these forms *may* inherently function as "trademarks." Like "trademarks," discussed above, these terms may be inherently distinctive, may acquire distinctiveness, or may be merely "capable" of becoming distinctive. Congress provided otherwise for a configuration

of goods: a configuration of goods is merely descriptive of the goods.

3. "Slogan" and "phrase" are terms that, like "configuration of goods," are found in § 23(c) only. However, these terms are necessarily embraced by the term "word" – a slogan and a phrase are made up only of words.[3] "Slogans" and "phrases" are, in short, a subset of the category of "words." And, as demonstrated above, a "word" may be a "trademark" under § 45.

4. "Surname" and "geographic name" are also enumerated terms in § 23(c). Unlike "configuration of goods," however, these terms are also found elsewhere in the Act. They are both specifically excluded from being "inherently distinctive" by § 2(e). Congress explicitly determined that neither a surname (§ 2(e)(4)) nor a descriptive geographic name (§ 2(e)(2)) is registrable on the Principal Register absent secondary meaning.[4] The Trademark Examiner's Manual confirms this view.[5] The

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[3] A "slogan" is "a word or phrase used by a person or group to express a characteristic position or aim, stand on a contested issue, or a goal or endeavor." Webster's Third New International Dictionary (unabridged) (1976) at 2145 (definition 1(b)). It is also defined as "a brief striking phrase used in advertising or promotion." *Id.* (definition 2). A "phrase" is "a group of two or more words that form a sense unit expressing a thought...." Webster's Third New International Dictionary (unabridged) (1976) at 1704 (definition 5).

[4] The Trademark Act of 1870 prohibited the registration of any mark that that was "merely the name of a person." Trademark Act of 1870, Section 79, 16 Stat. 210 (1870). Subsequent acts continued that prohibition and added a ban on a "geographical name or term." *E.g.*, Trademark Act of 1905, Section 5, 33 Stat. 724 (1905). "Configuration of goods," in contrast, was not mentioned in any of the Acts until 1946.

[5] "Section 2(e)(2) ... prohibits registration on the Principal Register of a mark which is primarily geographically descriptive ... [such a] mark may be considered for registration on the Principal Register with a showing of acquired distinctiveness in accordance with § 2(f)...." TMEP § 1210; *see also* TMEP § 1211 (surname not registrable on Principal Register absent secondary meaning).

treatment of these terms demonstrates that Congress did place some terms in § 23(c) that could not be registered on the Principal Register absent secondary meaning. Like "surnames" and "geographic names," we submit, product configurations are never inherently distinctive.

5. "Numeral" is also found only in § 23(c) of the Lanham Act. The Courts of Appeals seem to be split on whether numerals can ever be inherently distinctive. *Compare Arrow Fastener Co., Inc. v. The Stanley Works*, 59 F.3d 384, 392-93 (2d Cir. 1995) ("T-50" is a descriptive model number that requires secondary meaning) with *Eastman Kodak Co. v. Bell & Howell Document Management Prods. Co.*, 994 F.2d 1569, 1576 (Fed. Cir. 1993) ("depending on the nature and the manner of use, it is possible for an alphanumeric designation ... to be inherently distinctive"). A numeral, it would seem, can be inherently distinctive if it acts like an arbitrary word, but cannot be inherently distinctive if, like a product configuration, it merely describes a product.

6. "Label" and "package" are terms found in § 23(c) and elsewhere in the Lanham Act. For example, section 32(1)(b) prohibits the infringement of a mark by applying it to, *inter alia*, a "label" or "package." Section 36 allows the destruction of, *inter alia*, "labels" or "packages" that bear an infringing mark. Section 45 defines "use in commerce" as, *inter alia*, when a mark is placed on "the goods or their containers or ... the tags or labels affixed thereto...." The repeated references to applying marks to "labels" and "packages" suggest that Congress knew that packages and labels could carry a mark (including an inherently distinctive mark). Congress conspicuously made no comparable reference to a "configuration of goods." The configuration is the expression of the product – it is the design of the product and says what the product is. Moreover, Congress understood that nearly all labels and packages will include one or more "words," "symbols," or

"devices," while the mere configuration of a good will not necessarily include any of those other specified terms.

7. "Configuration of goods" is found only in § 23(c). Unlike a "slogan," "phrase," "numeral," "label," or "package," it has no inherent relationship to any of the other defined terms – "symbol," "name," "word," or "device." A product configuration is clearly not a word or a name. Nor is it a "symbol" or "device."[6]

In sum, all of the companion terms to "configuration of goods" in § 23(c) are either explicitly mentioned elsewhere in the statute, or are "comfortably" covered by other explicit terms. Congress determined that many of these companion terms could identify *or* describe the goods. But Congress also determined that a configuration of goods

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[6] Samara argues that "[a] product design can comfortably be a 'symbol' or 'device' under § 45." (Resp. Br. at 12). We disagree. None of the various definitions or common meanings of "symbol" can be stretched to include "product configuration." A symbol is "something that stands for or suggests something else by reason of relationship, association, convention, or accidental but not intentional resemblance." Webster's Third New International Dictionary (unabridged) (1976) at 2316 (definition 2). A product configuration cannot be a "symbol" because it does not stand for or suggest *something else*; it merely describes itself. As for a "device," the term might seem to be elastic enough to encompass product designs, but the term actually is used more narrowly. The term "device" first appeared in the statute in 1905. Trademark Act of 1905, Section 5(b), 33 Stat. 724 (1905) (prohibiting the registration of marks which consist "merely in words or devices which are descriptive of the goods with which they are used...."). Used in that context, a "device" necessarily referred to something independent of the good itself and that described the good *with* which it was used. In addition, the word "device" at that time carried more of a heraldic meaning. In heraldry, a "device" is "an emblematic design typically of one or more figures with a motto that is used esp. as a heraldic bearing denoting the historical situation, the ambition, or the desire of the person adopting it." Webster's Third New International Dictionary (unabridged) (1976) at 618.

always describes the goods, but does not inherently identify the source of the goods.[7]

To be sure, this interpretation requires a detailed and careful examination of the statute. We believe there is an obligation to determine why Congress inserted "configuration of goods" in § 23(c), and there alone. To the extent that the meaning is ambiguous, the legislators' colloquies on the point, cited in our initial brief, are illuminating. (Pet. Br. at 16-17.) That history supports the interpretation that a configuration of goods can only be a mark on the Principal Register on proof of secondary meaning.

B. Contrary To Samara's View, The 1988 Trademark Revision Act Did Not Alter This Statutory Interpretation.

The 1988 amendments to the Lanham Act did not define which marks were inherently distinctive or which required secondary meaning. Nor did the amendments alter § 23(c), except to make it easier for U.S. trademark owners to obtain protection for their trademarks in foreign countries by eliminating the one-year use requirement. S. Rep. No. 100-515, 100th Cong., 2d Sess. 36 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5599.

To be sure, the Senate Report accompanying the revisions briefly refers to the definition of "trademark" in § 45 and the retention there of the words "symbol or device" so as "not to preclude the registration of colors, shapes,

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[7] Section 43(a) of the Act also refers to "words, terms, names, symbols, or devices" which are used "*on or in connection with* any goods or services." (Emphasis added.) Literally read, a configuration of goods cannot be used "on or in connection with" itself. Thus, § 43(a), like § 23(c), also seems to differentiate configuration of goods from other concepts. The phrase "on or in connection with" is used throughout the statute. *E.g.*, Section 45, 15 U.S.C. § 1127.

sounds or configurations where they function as trademarks."[8] *Id.* at 5607. That terse comment, while purportedly tying a "configuration" to the term "symbol or device," says nothing about whether a color, shape, sound, or configuration is ever inherently distinctive. Indeed, this Court cited that very passage in the *Qualitex* case, *supra*, 514 U.S. at 172-73, in its assessment of whether color could ever be a mark. The Court's conclusion in *Qualitex* is applicable here – like color, a product design is not inherently distinctive as a source-identifier.

C. No Patent and Trademark Office Decision Holds That The Configuration Of A Product Is Inherently Distinctive.

Samara claims that several PTO decisions find product configurations to be inherently distinctive. (Resp. Br. at 15-16 & n. 19.) The cited decisions do not so hold. In the first, *In re International Playtex Corporation*, 153 U.S.P.Q. 377 (T.T.A.B. 1967), the Patent and Trademark Office considered a container holding baby pants to be "device" under § 45 of the Lanham Act and hence a proper subject matter for registration. The matter in question was not a configuration of goods but, rather, a package.[9] In *In re Superba Cravats, Inc.*, 145 U.S.P.Q. 354 (T.T.A.B. 1965), the PTO allowed registration of a hook on which a tie was suspended. The Board held that "a secondary meaning has been established by applicant in its device...." In dicta, the Board went on to state that no such showing is required

[8] The use of "configuration" there is not otherwise explained – does it mean product configuration, the configuration of a package, or a configuration of words or symbols?

[9] Samara's suggestion in this Court that its trade dress is packaging rather than product design (Resp. Br. at 10) is flatly inconsistent with the position it took on appeal in this case. In its brief to the Second Circuit, Samara stated that "[s]imilar to this case, *Two Pesos* did not involve the packaging of a product, but rather its overall appearance...." (Samara App. Br. at 14.)

where the device was inherently distinctive. Moreover, the tab hook was clearly more akin to a package that displays the product than to the product itself – a tie. Finally, in *In re Corning Glassworks*, 6 U.S.P.Q.2d 1032 (T.T.A.B. 1988), the PTO permitted the registration of a series of five lines constituting a design placed on unfinished lenses. The lines did not constitute the product itself — they were symbols or devices affixed to the product to indicate the source of the unfinished lens.[10]

D. The Statutory Interpretation Put Forward By Wal-Mart Is Not Contrary To This Court's Opinion In *Two Pesos*.

Two Pesos holds that a trade dress may be inherently distinctive. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 772 (1992). That opinion does not purport to draw a line as to which trade dress is registrable without secondary meaning. *Id.* at 770 ("we assume, without deciding, that [the trade dress was inherently distinctive]"). At the same time, *Two Pesos* emphasized that, if there is a "textual basis" in the statute for treating proposed marks differently, "it would be a different matter." *Id.* at 774. There is a textual basis in the statute for treating a configuration of goods differently: it is only referenced in § 23(c); it is necessarily descriptive; and is not used "on or in connection with" a product.

[10] The TMEP in § 1202.03(f)(iv) cites three additional cases as establishing that configurations can be distinctive, but those cases do not appear to support the proposition that configurations can be *inherently* distinctive. *In re World's Finest Chocolate, Inc.*, 474 F.2d 1012 (C.C.P.A. 1973), is a packaging case that relies on proof of acquired distinctiveness. *Id.* at 1014. In *In re Fre-Mar Industries, Inc.*, 158 U.S.P.Q. 364 (T.T.A.B. 1968), the Board determined that a package may be inherently distinctive if it is arbitrary in relation to the product contained within the package. *Id.* at 365. The Board in that case also found that the record evidence established acquired distinctiveness. *Id.* at 367. In the third case, *Ex Parte Haig & Haig Ltd.*, 118 U.S.P.Q. 229, 230 (1958), again a packaging case, the Commissioner of Patents found acquired distinctiveness in the peculiar shape of whiskey bottles.

II.

IN THE ALTERNATIVE, WHILE THE *SEABROOK* TEST IS A USEFUL STARTING POINT, IT MUST ALSO INCLUDE SOURCE IDENTIFICATION AND CONSISTENCY REQUIREMENTS.

Several *amici*, including the United States, suggest that the Court should build its standard around the decision of the Court of Customs and Patent Appeals in *Seabrook Foods, Inc. v. Bar-Well Foods Limited*, 568 F.2d 1342 (1977). While there is merit to the suggestions, Wal-Mart believes there are certain critical factors in the proposed *Seabrook* test that are missing from the language proposed by others: source identification and consistency.

As stated by the United States on behalf of the Patent and Trademark Office (U.S. Br. at 17), the *Seabrook* test is a three factor analysis that asks whether the claimed trade dress:

1) is a "common" basic shape or design;

2) is unique or unusual in a particular field; or

3) is a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods.

While several briefs point to *Seabrook* as the touchstone for deciding when a product design is inherently distinctive, that case itself was not a configuration case, but a product packaging case.[11] The design at issue consisted of graphic elements placed on packages that held frozen food.

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[11] The Ninth Circuit recently joined the Seventh, Second, Third and Fifth Circuits in recognizing that product configuration cases are significantly different from packaging cases and effectively requiring more rigorous proof before providing protection. *Leatherman Tool Group, Inc. v. Cooper Ind., Inc.*, -- F.3d --, 1999 U.S. App. LEXIS 32705, * 12 n.6, 1999 WL 1206669 (December 17, 1999) ("[I]t may be more difficult to establish protectable rights in product configuration cases, *even assuming the legal concepts and standards otherwise are no different*.") (emphasis added). That trend reflects a proper recognition that whenever the claimed trade dress inheres in the product configuration, there is a substantially increased risk that providing protection will unduly inhibit competition.

The opinion noted that the fundamental requirement for protection of a design mark is proof that "the design portion of [the] mark functions independently of the word portion of the mark in identifying and distinguishing [the claimant's] goods from those of others." *Id.* That tribunal stated the test as whether "the design makes such an impression on consumers that they will assume [the claimant] to be the source of the goods upon seeing a similar design on identical goods or closely related goods." *Id.* Applying that critical test, the panel concluded that the principal function of the package design used by the protesting company "is not to identify and distinguish the source of the goods" and therefore the protestant could not defeat registration of the competitor's mark. *Id.* at 1345.

As the *Seabrook* test is phrased in the other briefs filed with this Court, that essential focus on source identification is blurred almost to the point of disappearing. In contrast, the test proposed by Wal-Mart brings the source identification aspect front and center using the same concepts as the *Seabrook* decision. Thus, Wal-Mart endorses that tribunal's statement that the design "makes such an impression on consumers that they will assume [the claimant] to be the source of the goods," but simplifies the requirement to a showing that the design is "so unique as to be automatically, immediately and primarily perceived as indicating source." *Compare* Pet. Br. at 32 with *Seabrook*, 568 F.2d at 1344.

In addition to the source identification requirement, Wal-Mart has urged as an element of its test a specific requirement for consistency in use of the claimed trade dress. (Pet. Br. at 32-34.) It is common ground that the function of trade dress, at least the function of *protectible* trade dress, is to enable consumers to identify products with a unique source. That requirement is found in the statute[12] and the caselaw[13]. It is simply impossible for a "look" to serve as a unique identification of source when the "look" is inconsistently applied.

The absence of the requirement of consistency in the *Seabrook* opinion is understandable. That test has been developed by the Court of Customs and Patent Appeals and applied by the Patent and Trademark Office in the context of administrative adjudications of registration applications. The requirements of that Office, as well as the essence of any application process, dictate a consistent articulation of the claim. In contrast to that administrative process, the adjudicative process of civil litigation will often produce after-the-fact claims spawned by the litigation process and not based on an *a priori* articulation of a business concept.

The judicial element of "consistency" articulated in decisions like *Publications Int'l, supra*, and *Landscape Forms, Inc. v. Columbia Cascade, Inc.*, 113 F.3d 373 (2d Cir. 1997), reflects a proper effort to limit expansive claims that would necessarily limit competition. And, perhaps more importantly, it is imperative to have a coherent, consistent definition of the protected trade dress to implement any

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[12] A trademark is used "to identify and distinguish [one competitor's] goods ... from those manufactured or sold by others...." 15 U.S.C. § 1127.

[13] *See, e.g., Publications Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 343 (7th Cir. 1998) (Posner, J.) ("trademark and trade dress law do not protect originality; they protect signifiers of source").

injunctive relief or to justifiably impose damages on competitors.[14]

III.

THE JUDGMENT SHOULD BE REVERSED OR THE CASE REMANDED FOR FURTHER CONSIDERATION BY THE COURT OF APPEALS.

Samara suggests that regardless of the standard that this Court adopts in answer to the Question Presented, no remand is necessary. (Resp. Br. at 42-49.) That suggestion should be rejected. The courts below did not apply the proper test. And, a remand does no disservice to the role of the jury as factfinder, but rather requires the courts to follow the proper legal standard even in the absence of a challenge to the jury instructions.[15]

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[14] Samara argues that the Court should not consider the availability of design patents in developing the test for protecting configurations as trade dress. (Resp. Br. at 20-21.) Courts, the PTO, and Congress itself believe otherwise. The Third Circuit in *Duraco* recognized that routine trade dress principles should not be applied in a product configuration context because "[t]hose issues are the province of copyright and patent laws." *Duraco, supra*, 40 F.3d at 1446. Principally in order to apply a functionality analysis, the Patent Office also recognizes that the scope of any design patent is a relevant factor in processing a trademark registration for a product configuration claim. *See* TMEP § 1202.03(a)(iii). And, as noted in our opening brief (Pet. Br. at 16 n.8), Rep. Lanham and Mr. Rogers referred to design patent law in declaring that configurations of goods were not trade-mark subject matter.

[15] Samara candidly recognizes that if the Court were to adopt a principle similar to that developed by the Third Circuit as articulated in *Duraco Prods., Inc. v. Joy Plastic Enters, Ltd.*, 40 F.3d 1431 (1994), "a remand likely would be necessary because the district court did not so instruct the jury." (Resp. Br. at 43, n. 54.) That acknowledgement undermines Samara's position that the absence of an objection to the jury instructions is a bar to Wal-Mart's prevailing here. If the correct standard is the *Duraco* test, the jury instructions were erroneous as a matter of law and the verdict cannot stand. A similar error will be present under any new standard adopted here.

A. The Lower Courts Did Not Properly Apply An Analysis Requiring Samara's Claimed Trade Dress To Be Unique And Consistent.

Samara itself concedes that the District Court misapplied the *Abercrombie/Seabrook* standard now urged by Samara, and that the Court of Appeals failed to even cite that standard. (*See, e.g.*, Resp. Br. at 38-40.) In its *amicus* brief, the United States similarly noted the District Court's misapplication of the *Seabrook* test and the Second Circuit's failure to apply that test. (U.S. Br. at 29-30.) Indeed, like the United States, Samara argues that both lower courts relied on evidence in their inherent distinctiveness analyses that should not have been considered, such as evidence of Samara's subjective intent in designing the products, professional buyers' perceptions of the product, advertising expenditures, and sales success. (Resp. Br. at 38-40; U.S. Br. at 29-30.) Those errors, we submit, preclude affirmance.

The Second Circuit's definition of Samara's trade dress, which is so broad as to be almost without limitation, demonstrates that court's failure to adhere to *Seabrook*'s requirement that a trade dress be "unique" in its market. (*See* Pet. Br. at 41.) Indeed, the evidence showed that the garments found to be protectable under that definition are not at all unique to the children's clothing market; at best, they consist of mere refinements of commonly adopted and well-known forms of ornamentation in that market. A prime example of this commonality is the Simplicity "Design Your Own" sewing pattern for making a sundress with a watermelon bib (J.A. 255). That dress is virtually identical to a Samara dress (J.A. 297) that the Second Circuit found protectable under its expansive definition of Samara's trade dress. If Samara's product and its constituent elements are so common that they are encouraged to be replicated through a home sewing pattern, they cannot be inherently distinctive under *Seabrook*.

Further demonstrating the commonality of Samara's claimed trade dress, both Samara and the Second Circuit defined the purported "look" as being "conservative" – *i.e.*, "tending to avoid dissonance, showiness, or effects that would attract undue or immediate attention; cleaving to traditional norms of taste, elegance, or manners." Webster's Third New International Dictionary (unabridged) (1976) at 483 (definition 3). A look that is "traditional" is hardly unique.

Samara's claimed trade dress is also too inconsistent to serve as an indicator of source.[16] Samara added fodder to this argument by enunciating yet another reformulation of its trade dress in its brief in this Court. (*See* Resp. Br. at 1.) Samara now claims that its trade dress is defined as garments "covering more of the child," having "minimal if any trimmings, like lace and bows," "often making the whole collar into an appliqué," use of "color running to the edge" and a tendency to "use one fabric rather than mixed." (Resp. Br. at 1.) Not a single one of these factors (derived from the trial testimony of a single witness) was previously included by Samara in its various definitions, and, more significantly, not a single one of those factors forms a part of the definition employed by the Court of Appeals.

In its brief in this Court, Samara also abandoned much of the Court of Appeals' statement of Samara's protected trade dress. That statement included a number of specific design elements that Samara omits from the description it advances here.[17] (*Compare* Pet. App. A at 18-19, 165 F.3d at 128, with Resp. Br. at 1 and *passim.*) Samara

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[16] A review of the sample garments depicted in Wal-Mart's opening brief shows the impossibility of bringing the entire line within the umbrella of a consistent definition. (*See* Pet. Br. at 39-40.)

[17] *E.g.*, "vibrant colors," "two or three identically shaped and symmetrically placed cloth appliqués," placement of appliqués on "pockets" as well as collars, use of "single-piece" garment bodies, and the "absence of three dimensional features, outlines and words."

now seeks to eliminate some of the few limitations placed on the trade dress by the Court of Appeals and substitute a broader and more vague description. The consequences of that effort, were it successful, would be an even further limitation on competition than resulted from the lower courts' decisions.

B. The Judgment Should Not Be Sustained Simply Because It Rests On A Jury Verdict.

Samara repeatedly invokes the sanctity of a jury trial as its principal line of defense. But a jury verdict, even one that is based on correct instructions, is not immune from judicial invalidation. Issues of trade dress rarely present issues of contested historical fact. The critical "facts" submitted to the jury are mixed questions of fact and law and are "infused with technical legal meaning." (Pet. App. A at 36, 165 F.3d at 135 (Newman, J.) (dissenting opinion)); *see also Publications Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 340 (Posner, J.) ("distinctiveness is not really an issue of fact, but rather an issue of the application of a legal standard to facts....").

In his dissent below, Judge Newman correctly articulated a court's role in such circumstances:

> When reviewing courts consider jury verdicts on such issues as . . . the protectability of a trade dress, ... reviewing courts should ... somewhat narrow the range in which jury fact-finding is permissible. Otherwise, [courts] are ceding to juries broad authority to determine the substantive scope of the law on topics such as antitrust, copyright, trademark, and, in this case, trade dress.

(Pet. App. A at 36-37, 165 F.3d at 135-36 (dissenting opinion)).

Indeed, even in common law cases where the role of the jury is at its zenith, our judicial system reserves the final word to the judge, not the jury. The court has and will exercise the power to strike evidence or direct entry of a judgment contrary to the jury verdict if the court concludes that such action is necessary.[18]

C. Samara's Reliance On The Absence Of Objections To The Jury Instructions Is Misplaced.

Samara specifically notes that Wal-Mart "did not object to [certain jury instructions] and did not contend previously that the district court's statement of the law to the jury on this score is incorrect." (Resp. Br. at 43.) That observation misses the point.

Throughout this case, Wal-Mart has argued that Samara's trade dress claim should fail as a matter of law. Indeed, its post-trial Motion for Judgment, Wal-Mart included an entire section arguing that Samara's purported trade dress is not inherently distinctive. (J.A. 265-70.) Those legal arguments have been properly raised and preserved through the appropriate motions and are now properly before this Court for decision.

The suggestion by Samara that this Court should be concerned about the absence of any objection to the jury instructions overlooks the Court's decision in *St. Louis v. Praprotnik*, 485 U.S. 112 (1988). The respondent there argued that the petitioner, by failing to object to the relevant jury instruction, had waived the legal issue and it could not be considered by this Court. *Id.* at 119. The Court squarely rejected that argument: "the failure to object to an

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[18] If the Court decides that a product design may be inherently distinctive, the standard it adopts for proving such status will assist lower courts in deciding whether cases such as this should be submitted to a jury at all on "inherently distinctive" theories.

instruction does not render the instruction the 'law of the case' for purposes of appellate review of the denial of a directed verdict or judgment notwithstanding the verdict." *Id.* at 120 (quoting *Springfield v. Kibbe*, 480 U.S. 257, 264 (1987) (dissenting opinion)).[19]

CONCLUSION

For the reasons stated in our briefs and those advanced at oral argument, Wal-Mart asks this Court to reverse the decision of the Second Circuit and remand with instructions to enter judgment in favor of Wal-Mart or to reconsider the decision in light of this Court's action.

Respectfully submitted,

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19 To the extent that Samara further suggests that the arguments Wal-Mart presents in this Court may differ from those presented previously, Justice O'Connor's further observation in *Praprotnik* is particularly apt: "petitioner has throughout this litigation been confronted with a legal landscape whose contours are 'in a state of evolving definition and uncertainty.'" *Id.* (quoting *Newport v. Fact Concerts, Inc.*, 453 U.S. 247, 256 (1981)). This case has similarly been litigated in an evolving legal landscape. It was submitted to the jury before the Second Circuit decision in *Landscape Forms, Inc. v. Columbia Cascade, Co.*, 113 F.3d 373 (May 16, 1997), which articulated a significant new standard for trade dress protection when it required the plaintiff in a product configuration trade dress case to set forth and prove "a precise expression of the character and scope of the claimed trade dress." *Id.* at 381.

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No. 99-150

In the Supreme Court of the United States

WAL-MART STORES, INC., PETITIONER

v.

SAMARA BROTHERS, INC.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE SUPPORTING PETITIONER

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QUESTION PRESENTED

The Court limited its grant of review to the following question:

What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade-dress protection?

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BRIEF FOR THE UNITED STATES
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INTEREST OF THE UNITED STATES

A distinctive trade dress often serves essentially the same function as a trademark, giving consumers a ready means to associate one of a variety of competing goods with its source. Federal law accordingly protects a producer's trade dress, like its trademarks, under appropriate circumstances. The United States Patent and Trademark Office receives several hundred applications each year for the registration of marks based on allegedly protectable product designs, and the United States has a practical interest in ensuring that the legal standards for determining whether such designs are entitled to protection may be consistently and predictably applied. In addition, the United States has a strong policy interest in assuring that trademark pro-

tection is both properly extended and properly limited, so that it serves, rather than impedes, its goal of promoting consumer welfare through the enhancement of competition in the marketing of goods and services.

STATEMENT

1. Respondent Samara Brothers manufactures children's clothing, including a line of seersucker garments decorated with appliques of hearts, circus wagons, and the like. Pet. App. 2; see *id.* at 61-63 (photographs). In 1995, petitioner Wal-Mart Stores sent one of its suppliers pictures of a number of Samara's products and ordered the production of a quantity of essentially identical garments, which Wal-Mart then sold under its own label. *Id.* at 2. Samara sued Wal-Mart for, among other things, copyright infringement and infringement of the "trade dress" of its products. *Id.* at 3. A jury found that Wal-Mart had infringed Samara's copyrights and trade dress, and the district court awarded Samara $1.2 million in damages and more than $300,000 in costs and attorneys' fees. *Id.* at 3-4, 57-58.

Wal-Mart moved for judgment notwithstanding the verdict, arguing that the evidence did not support a conclusion that Samara's clothing designs could be legally protected as a distinctive trade dress. See Pet. App. 46. In rejecting that motion, the district court noted that a plaintiff's threshold burden is to "prove that its trade dress is protectable by showing * * * that it is either 'inherently distinctive' or has acquired distinctiveness through 'secondary meaning.'" *Id.* at 44. Applying Second Circuit precedent, the court explained that a product's design is "inherent[ly] distinctive[]" if it is "likely to be understood as an indicator of the product's source." *Id.* at 45 (quoting *Landscape Forms, Inc.* v. *Columbia Cascade Co.*, 113 F.3d 373, 378 (2d Cir. 1997), which in turn relied on *Knitwaves, Inc.* v. *Lollytogs, Ltd.*, 71 F.3d 996, 1008 (2d Cir. 1995)).

Although the court found "some merit" in Wal-Mart's argument that the "look" for which Samara sought protection "was so amorphous and used features so commonly found in children's clothing that it was not sufficiently distinctive to have identified Samara as being the source of the garments," ultimately it was "not persuaded that the jury's verdict should be set aside." Pet. App. 46. The court reasoned that the jury's finding of distinctiveness was supported by Samara's efforts over time to develop a "Samara look"; its advertising efforts; its sales success; Wal-Mart's efforts to "plagiarize the Samara look"; the jury's own review of "dozens of garments" produced by or for Samara, Wal-Mart, and others; and Samara's

> consistent use of seersucker, large appliques usually integrated into the construction of the garments, and garment designs, including scalloped collars, matching pockets, and the lack of excess ornamentation, to develop a clean, simple, uncluttered but elegant "look"—a look of "simple sophistication."

Id. at 47. The court acknowledged that "certain elements of Samara's designs were not protectable" by themselves, but it concluded that "the jury reasonably could have found that the combination of these elements was distinctive and thus protectable." *Id.* at 48.[1]

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[1] The court also held that, although Samara had failed to show any "actual confusion" among consumers with respect to the source of garments sold by Wal-Mart, it was nonetheless entitled to both injunctive and monetary relief, because the jury "reasonably could have found" both that Wal-Mart "deliberately sought to deceive consumers as to the source of its garments" and that it "failed to rebut the resulting presumption of consumer confusion." Pet. App. 49; see *id.* at 44, 49-53.

2. The court of appeals affirmed. Pet. App. 1-41. With respect to Samara's trade dress claim, the court first noted that "the purpose of trade dress law is 'to protect an owner of a dress in informing the public of the source of its products, without permitting the owner to exclude competition from functionally similar products." *Id.* at 7. It then observed that there was "no assertion in this case that Samara's seersucker garments have acquired 'secondary meaning' in the marketplace," so that Samara was entitled to protection only if the design of its children's clothing was "inherently distinctive." *Id.* at 8.

Like the district court, the court of appeals focused on the question it had articulated in *Landscape Forms* and *Knitwaves*: Whether the design claimed as a trade dress is "likely to be understood as an indicator of the product's source." Pet. App. 9. The court found this case "entirely distinguishable" from *Knitwaves*, which held that a design for children's sweaters was not protected because it "served an aesthetic, not a source-identifying, purpose." *Ibid.* In this case, the court explained, "Samara chose to design its line of spring/summer seersucker children's clothes using consistent design elements so that the look would be identified with Samara, building brand loyalty," and that product line represented "the core [of Samara's] business." *Id.* at 9-10.

The court found greater similarity between this case and *Landscape Forms*, which rejected trade dress protection for the design of a line of outdoor furniture. Pet. App. 10-12. The court noted, however, that *Landscape Forms* acknowledged the availability of protection for the "overall look" of a product, even though it held that the "look" claimed in that case was "too abstract to qualify as trade dress" because it failed to indicate what "unique combination of features" made the various

items in the product line "likely to be perceived by consumers as bearing the stamp of their maker." *Id.* at 11-12. In this case, the court reasoned, the evidence did "sufficiently depict[]" such a "distinctive combination of ingredients," including the "typical" use of:

> seersucker fabric; large bold appliques; large collars with the appliques generally integrated into the collar and any pockets on the garment; [a] general absence of printed images, black outlines, alphanumeric characters, three-dimensional features or heavy ornamentation (such as bibs or fringe) which are frequently used in children's clothing; and full-cut, one-piece conservative bodies.

Id. at 12-13. That level of specificity, in the court's view, "appear[ed] to meet the concerns raised by *Landscape Forms*." *Id.* at 13.

The court noted that "at times Samara's witnesses had difficulty constructing a coherent statement of the 'overall look' of [its] product line." Pet. App. 14. It concluded, however, that "as a whole, the record divulges * * * specific elements * * * which, when combined, create a distinctive overall look." *Ibid.* In any event, "[t]he jury was entitled to rely on th[e] testimonial evidence as well as its own analysis of the dozens of garments displayed at trial to conclude that Samara's product line is 'inherently distinctive'"; and, "viewing the evidence in a light most favorable to Samara," that evidence was sufficient to support the jury's verdict on the trade dress claim. *Id.* at 14-15.

Although it sustained the jury's verdict and the district court's judgment in the main, the court of appeals held that the injunction entered "fail[ed] adequately to describe Samara's trade dress," and thus "granted Samara far too much protection." Pet. App. 18. The

court held that to merit protection, any garment would have to include

> most if not all of the following elements: seersucker fabric used exclusively; two or three identically shaped and symmetrically placed cloth appliques (not screen printed) substantially similar to appliques displayed on Samara clothing in vibrant colors integrated into the collar (which is typically large and white), collar line and/or pocket(s) (if any); single-piece, full-cut bodies; and the absence of three-dimensional features, outlines and words.

Id. at 18-19. The court then noted that "not all of Samara's garments submitted into evidence at trial qualif[ied] for protection" under the court's formulation, because some "had so few of the described design elements that to afford them protection would mean awarding Samara a monopoly on all seersucker children's clothing with appliques placed anywhere on the garment." *Id.* at 19-20. Finding two such garments among the sixteen on the basis of which the jury awarded damages, the court directed that the damage award be reduced by the amount attributable to the one such garment that was not also covered by a Samara copyright. *Id.* at 21-22.[2]

Judge Newman dissented from the majority's disposition of the trade dress claim. Pet. App. 30-41. He emphasized, among other points, that federal trademark law must be construed "in the light of a strong federal policy in favor of vigorously competitive markets"; that courts should be particularly cautious in

[2] The court of appeals also sustained the district court's rulings with respect to matters not at issue here. Pet. App. 15-17, 21-29. The bulk of Samara's damages were awarded on the copyright claims. See *id.* at 22.

extending trademark protection to product designs (as opposed to, for example, packaging), and more especially to the design of an entire line of products; and that trade dress law does not protect "an idea, a concept, or a generalized type of appearance." *Id.* at 30-31. In Judge Newman's view, the elements identified by the majority were too common or general to constitute a protected "look," and in any event "many of the products in the alleged product line do not have all of even the few features that are claimed to constitute the 'look.'" *Id.* at 34; see *id.* at 32-34. He concluded that the majority had "unjustifiably lowered" the "high bar to trade dress protection for a product line," and that "[o]n the facts of this case, it was not reasonable [for the jury] to find distinctiveness." *Id.* at 31, 39.[3]

SUMMARY OF ARGUMENT

The protection of trademarks fosters competition by ensuring that marks serve to distinguish the goods of a particular producer from similar goods available in the marketplace. Trademark law protects, however, only a producer's interest in capturing the consumer goodwill associated with its reputation, as embodied by its distinctive, source-identifying mark. In other respects it allows free and open competition, including the imitation or even copying of products themselves.

Courts have classified potential trademarks along a spectrum that extends from "generic" to "fanciful." Generic marks are unprotectable; a "descriptive" mark is protectable only if the user can show that it has come to distinguish the user's goods from those of others in the marketplace; and "suggestive," "arbitrary," or "fanciful" marks are considered "inherently" distinc-

[3] Judge Newman would also have sustained challenges to five of Samara's copyrights. See Pet. App. 39-41.

tive, and are protectable without any such specific showing. Although the terminology used with verbal marks may not always be appropriate for cases involving packaging or product design, the spectrum principle is transferable to the trade dress context.

In *Seabrook Foods, Inc.* v. *Bar-Well Foods, Inc.*, 568 F.2d 1342 (C.C.P.A. 1977), the Court of Customs and Patent Appeals surveyed its trade dress cases and synthesized a set of focused, practical questions that are particularly relevant in determining whether a particular design should be recognized as "inherently" distinctive for purposes of trademark protection. Those questions include whether the claimed dress involves a common, basic shape or design; whether it is unique or unusual in a particular field; and whether it is merely a refinement of a commonly adopted or well known form of ornamentation for a particular class of goods. While particular circumstances may require additional or reformulated inquiries, experience indicates that *Seabrook* provides a concrete, relatively predictable, and therefore administrable approach to analyzing trade dress claims. That approach also has advantages over the "tests" articulated by some other courts.

The court of appeals erred in this case by upholding the jury's verdict on grounds of "inherent" distinctiveness without making an inquiry equivalent to that required under *Seabrook*.

ARGUMENT

A CLAIM THAT A PRODUCT'S DESIGN EMBODIES AN "INHERENTLY DISTINCTIVE" TRADE DRESS SHOULD BE EVALUATED USING THE PRACTICAL CONTEXTUAL INQUIRY SUGGESTED BY *SEABROOK FOODS* v. *BAR-WELL FOODS*

A. Trademark Law Protects Reputational Interests, But Allows Free Product-Based Competition

1. Trademarks serve to identify for consumers the source of goods available in the marketplace. See, *e.g.*, 15 U.S.C. 1127 (defining "trademark" by reference to the mark's ability and use "to identify and distinguish [a person's] goods * * * from those manufactured or sold by others and to indicate the source of the goods"). Such marks are effective in part because federal law prohibits the unauthorized use of a mark, or the use of any mark confusingly similar to one already in use. See generally 15 U.S.C. 1051 *et seq.*, 1114, 1125(a) (1994 & Supp. IV 1998) (the Lanham Act).

The legal monopoly on the use of a federally protected mark fosters competition in two ways. First, "by preventing others from copying a source-identifying mark, [trademark law] 'reduce[s] the customer's costs of shopping and making purchasing decisions,'" because use of the genuine mark then "quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past." *Qualitex Co.* v. *Jacobson Prods. Co.*, 514 U.S. 159, 163-164 (1995) (quoting 1 J. McCarthy, *Trademarks and Unfair Competition* § 2.01[2], at 2-3 (3d ed. 1994)). Second, protection of the mark "helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law

thereby 'encourage[s] the production of quality products,' and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of an item offered for sale." 514 U.S. at 164 (again quoting McCarthy); see also, *e.g.*, *Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992) (protection of trademarks "foster[s] competition and the maintenance of quality by securing to the producer the benefits of good reputation" (quoting *Park 'N Fly, Inc.* v. *Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985)).

It bears emphasis that *trademark* law is not designed to encourage either innovation or creativity by according sellers any sort of monopoly on inventions or new designs. Those goals are pursued through the protection accorded, under strict conditions and for limited times, by patent and copyright law, on the theory that the conceded competitive costs of limited monopolies are substantially outweighed by the incentive effects of such monopolies in increasing the overall production of useful inventions and creative works. Trademark law does not involve any such weighing of opposing competitive effects. It secures to sellers all the *reputational* benefits (or detriments) of consumers' past experience with their products, while allowing free rein to any competitor who can produce the same product, or one close enough to satisfy consumers, at a lower price. In classic terms, what trademark law seeks to prohibit is the "passing off" of one producer's goods as those of another, well-reputed maker (thereby either appropriating or jeopardizing that maker's reputational goodwill).

2. Section 43(a) of the Lanham Act, 15 U.S.C. 1125(a), provides a cause of action against:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which * * * is likely to cause confusion, or to cause mistake, or to deceive * * * as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.

As this Court has recognized, Section 43(a) protects not only trademarks per se, but also a product's "trade dress"—generally, its "total image and overall appearance." See *Two Pesos*, 505 U.S. at 764 n.1; Restatement (Third) of Unfair Competition § 16 (1993) (hereinafter Restatement) ("[t]he design of elements that constitute the appearance or image of goods or services as presented to prospective purchasers"). Moreover,

> [w]hile "trade dress" at one time "referred only to the manner in which a product was 'dressed up' to go to market with a label, package, display card, and similar packaging elements," the concept "has taken on a more expansive meaning and includes the design and appearance of the product as well as that of the container and all elements making up the total visual image by which the product is presented to customers."

Knitwaves, Inc. v. *Lollytogs, Ltd.*, 71 F.3d 996, 1005 (2d Cir. 1995) (quoting *Jeffrey Milstein, Inc.* v. *Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 31 (2d Cir. 1995)). Even using that "more expansive" definition, however, what

trademark law protects from copying is a product's distinctive, source-identifying "dress"—not the product itself.

To establish a claim for infringement of its trade dress, a seller must first establish that its dress is "distinctive"—either "inherently," or because it has acquired "secondary meaning" in the marketplace. See, *e.g.*, *Two Pesos*, 505 U.S. at 769.[4] That showing is a threshold requirement, because a dress that is not "distinctive" cannot possibly serve the source-identifying function that trademark law protects. In this case, the court of appeals indicated that there was no claim of "secondary meaning." Pet. App. 8. Its decision accordingly rested on a determination that certain common elements in the design of Samara's line of children's clothing are, taken together, "inherently distinctive"— or, at least, that the jury could permissibly so find. *Id.* at 8, 14-15.

In addition to distinctiveness, a plaintiff must show that the defendant's copying or imitation of the plaintiff's dress has given rise to a "likelihood of confusion" in the marketplace between the plaintiff's product and that of the defendant. *Two Pesos*, 505 U.S. at 769-770; see Pet. App. 8, 15-17. Moreover, the aspect of the plaintiff's dress that the defendant has copied must not be "functional"—that is, in general, it must not be "essential to the use or purpose of the [product] or * * * affect[] the cost or quality of the article," so that "exclusive use of the feature [for which protection is sought] would put competitors at a significant non-

[4] "'[S]econdary meaning' is acquired when 'in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself.'" *Qualitex*, 514 U.S. at 163 (quoting *Inwood Labs., Inc.* v. *Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982)).

reputation-related disadvantage." *Qualitex*, 514 U.S. at 165 (in part quoting *Inwood Labs., Inc.* v. *Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)).[5] This Court's order granting certiorari limited review to the issue of what must be shown to establish, for these purposes, that a product's design is "inherently distinctive." 10/4/99 Order 1. Consideration of that question is informed by the existence of the confusion and functionality requirements, however, because those requirements underscore the purposes—and, correspondingly, the appropriate limits—of the Lanham Act's trade dress protections.

B. The Classification Of Potential Marks Along A Spectrum From Generic To Fanciful Is Applicable, In Principle, To Trade Dress Claims

1. As this Court has explained, for purposes of assessing their threshold protectability, trademarks "are often classified in categories of generally increasing distinctiveness." *Two Pesos*, 505 U.S. at 768. "[F]ollowing the classic formulation set out by Judge Friendly" in *Abercrombie & Fitch Co.* v. *Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976), many marks may be usefully ranked as "(1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful." *Two Pesos*, 505 U.S. at 768.

Using that scale, "generic" terms, which merely "refe[r] to the genus of which the particular product is a species," are not protectable at all. *Two Pesos*, 505 U.S. at 768. Generic terms do not normally identify a speci-

[5] If a trade dress is registered it is presumed valid, and functionality is an affirmative defense; if the dress is not registered, the plaintiff bears the burden of proving that it is "not functional." Pub. L. No. 106-43, § 5, 113 Stat. 220 (to be codified at 15 U.S.C. 1125(a)(3)); *Publications Int'l, Ltd.* v. *Landoll, Inc.*, 164 F.3d 337, 340 (7th Cir. 1998), cert. denied, 119 S. Ct. 1498 (1999).

fic producer, as distinct from the product they describe. Moreover, even if they did, granting a monopoly on use of the generic term would leave competing producers with no effective way to identify and market their goods to potential consumers, no matter how clearly the source or producer were identified. See *Abercrombie*, 537 F.2d at 9-10.

By contrast, marks that are "arbitary" or "fanciful" in relation to the product to which they are affixed, and those which are merely in some respect "suggestive" of the nature of the product, are considered "inherently" distinctive. *Two Pesos*, 505 U.S. at 768. The association between such a mark and the marked product is artificial; thus, the information the mark conveys to a consumer is likely to relate to the product's source, rather than its nature. Furthermore, because the supply of arbitrary, fanciful, and even "suggestive" marks is essentially unlimited, there is no reason for concern that protecting the appropriation of a given mark by only one producer will have any negative effect on the ability of competing producers to make and sell the same or similar products under different marks. *Abercrombie*, 537 F.2d at 10-11.

The final and most problematic category of marks is those traditionally classified as "descriptive." Because a descriptive mark bears a significant, non-arbitrary relationship to the marked goods themselves, a consumer might perceive the mark as conveying information about the nature of the goods, rather than about their producer. In that event, granting exclusive rights to the mark would tend to limit competition, without in fact advancing the goal of allowing the producer to protect and capture the value of its own reputation. On the other hand, under appropriate circumstances (such as after extended exclusive use by one producer) consumers *might* come to associate such a mark not only

with the sort of goods it "describes," but with a particular source or producer. Moreover, because the mark is not generic, protecting it under those circumstances would pose little threat to legitimate competition, because different producers would have other ways of effectively describing their versions of the same or similar goods. For these reasons, in the case of "descriptive" marks, trademark law strikes the balance between protecting reputational goodwill and preserving other means of competition by according protection to a mark only if its user can show that consumers have actually come to associate it with the source, rather than simply the nature, of the user's marked goods (*i.e.*, that the mark has acquired "secondary meaning"). See *Two Pesos*, 505 U.S. at 769; *Abercrombie*, 537 F.2d at 10.

2. In *Two Pesos*, this Court suggested its general approval of the use of the *Abercrombie* classification scheme in the trade dress context. *Two Pesos*, 505 U.S. at 768, 773. Thus, if a product's trade dress is "inherently distinctive," it is "capable of identifying products or services as coming from a specific source," and it is protectable under the Lanham Act without any showing of secondary meaning (although subject, of course, to the requirements of consumer confusion and non-functionality). *Id.* at 773. If the trade dress is not inherently distinctive, but is non-functional and not simply "generic," it is protectable, but only with a showing of secondary meaning. Cf. *Qualitex*, 514 U.S. at 162-163 (product's color not inherently distinctive, but protectable as trademark if it has acquired secondary meaning and is not functional).

Application of the *Abercrombie* classification to trade dress claims is not entirely unproblematic, however, because Judge Friendly was addressing marks made up of words, whereas trade dress typically involves non-

verbal characteristics such as "size, shape, color or color combinations, texture, graphics, or even particular sales techniques." *Two Pesos*, 505 U.S. at 764 n.1 (quoting *John H. Harland Co.* v. *Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983)). In particular, while it is not difficult to understand how some non-functional elements of a product's design or "look" may be classified as "arbitrary" or "fanciful" within the ordinary meaning of those words, or how other such elements may be termed "generic," it can be perplexing to try to apply the terms "descriptive" and "suggestive" to non-verbal marks or to package or product designs. That perplexity may have serious consequences, because it is in differentiating among the three classifications at the lower end of the *Abercrombie* scale (from unprotectable "generic" marks to "inherently" protectable "suggestive" ones) that the law must focus most clearly on defining and implementing standards that will protect *both* genuine reputation-based competition *and* robust competition in the market for desirable goods, independent of their source.

For these purposes, it is not sensible to focus on particular terminology, rather than on concepts. The *principle* of the *Abercrombie* classification is that potential marks are distributed along a spectrum, from those that are essentially inseparable from the nature or concept of the goods being offered for sale to those that bear no inherent relationship to those goods whatsoever. In the middle is a variably problematic range in which a proposed mark bears some inherent relationship to the product, but is also sufficiently separable from the product so that it could be understood and treated primarily as a designator of source, while leaving competitors ample alternative ways of describing and marketing their own similar or identical goods. Whatever words are used to describe

that middle range, the concept is usefully transferable to the context of protecting trade dress under the Lanham Act.

C. The Practical Approach To Trade Dress Distinctiveness Claims Suggested By *Seabrook Foods* Serves The Goals Of Trademark Law In A Manner That Has Proven Effective And Administrable

The purpose of inquiring whether a particular trade dress is "inherently" distinctive is to determine whether it is necessary to demand proof of secondary meaning before according one seller the exclusive right to use that dress. The key question is therefore whether the design of one product "makes such an impression on consumers" that, "upon seeing a similar design on identical or closely related goods," they will "assume" that the the source of the first product is also the source of the second. *Seabrook Foods, Inc.* v. *Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977); see also *Qualitex*, 514 U.S. at 162-163 (inherently distinctive marks "almost *automatically* tell a customer that they refer to a brand").

Twenty years ago, the Court of Customs and Patent Appeals, considering the inherent distinctiveness of a packaging design, surveyed its cases and synthesized a set of basic, practical questions particularly relevant to that inquiry:

> In determining whether a design is arbitrary or distinctive this court has looked to [1] whether it was a "common" basic shape or design, [2] whether it was unique or unusual in a particular field, [and] [3] whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods.

Seabrook, 568 F.2d at 1344 (footnotes with citations omitted).[6] As one commentator has observed, at bottom these questions are

> merely different ways to ask whether the design, shape or combination of elements is so unique, unusual or unexpected in this market that one can assume *without proof* that it will automatically be perceived by customers as an indicator of origin—a trademark. The issue is whether the trade dress is of such an unusual design that a buyer will *immediately* rely on it to differentiate the source of the product.

1 J. McCarthy, *Trademarks and Unfair Competition* § 8:13, at 8-36 to 8-37 (4th ed. 1999) (emphasis added, footnotes omitted). Thus, *Seabrook* asks straightforward, practical, design-oriented questions in an effort to focus the analysis on whether a plaintiff's claimed trade dress is so likely to serve the procompetitive goal of distinguishing the maker's goods from those of others that it merits trademark protection, even without any proof of secondary meaning.

Seabrook does not purport to exhaust the universe of questions that may be relevant in assessing whether a dress is "inherently" distinctive. Particular facts and circumstances may always require new, additional, or reformulated inquiries. The questions articulated in *Seabrook* itself have, however, proved not only useful but sufficient in guiding the distinctiveness inquiry in a broad range of cases. They accordingly provide, at a minimum, a solid starting place for analysis. Moreover,

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[6] Because *Seabrook* itself involved both visual designs and words, the court also noted a fourth question: Whether the design "was capable of creating a commercial impression distinct from the accompanying words." 568 F.2d at 1344.

the *Seabrook* questions have advantages not shared by, and avoid some pitfalls of, other "tests" suggested by some courts.

1. The specific questions asked in *Seabrook* apply as directly and with as much predictability in the context of product design as in other contexts. These factors provide a framework for the fact-finder's analysis of whether specific trade dress is inherently distinctive—that is, whether buyers will immediately rely on that dress to distinguish the goods of one producer from those of others.

If a design is a common or basic shape, it is generally reasonable to assume that consumers will not rely on it to distinguish goods or services of one producer from those of another. The use of common geometric designs in neckties, for example, would not likely be perceived by consumers as unique to a specific source, and accordingly it would not be "inherently distinctive." *Mulberry Thai Silks, Inc.* v. *K & K Neckwear, Inc.*, 897 F. Supp. 789, 796 (S.D.N.Y. 1995). Similarly, the shapes or designs common in a particular product field are highly relevant. The fact that all purse-sized make-up "compacts" use similar designs would, for instance, be fatal to a claim of inherent distinctiveness (or, perhaps, any distinctiveness at all). *Mana Prods., Inc.* v. *Columbia Cosmetics Mfg., Inc.*, 65 F.3d 1063, 1069-1070 (2d Cir. 1995). On the other hand, label designs for wine or liquor bottles are "selected from an almost limitless supply of patterns, colors and designs," and where there is no evidence of any "industry practice of using a design like the one that appears" on a particular maker's labels, that design is likely to be "inherently distinctive." *Paddington Corp.* v. *Attiki Importers & Distribs.*, 996 F.2d 577, 584 (2d Cir. 1993).

If a design is neither common nor strikingly unusual, it falls into the middle range of cases where it will often

be best to require proof of secondary meaning before deeming a design protectable. Although the final line is obviously difficult to draw, *Seabrook*'s third question—whether a claimed design is merely a refinement of a commonly adopted or well-known design, likely to be perceived by the public as mere dress or ornamentation—again usefully focuses the inquiry. For example, a T-shirt design featuring a cartoon of an animal with a flap forming the animal's mouth is not "inherently distinctive," because it is a mere refinement of common applique ornamentation on children's clothes. See *Jungle Rags, Inc.* v. *Rainbow Graphics*, 29 U.S.P.Q.2d 1704, 1708 (M.D. Fla. 1993). Similarly, a "troll" doll is not "inherently" distinctive when there are similar designs on the market, *EFS Marketing, Inc.* v. *Russ Berrie & Co.*, 76 F.3d 487, 491 (2d Cir. 1996); and a cobalt-blue liquor bottle is not "inherently" distinctive when many other liquor bottles use the same design characteristic. *Sazerac Co.* v. *Skyy Spirits, Inc.*, 37 U.S.P.Q.2d 1731, 1733 (E.D. La. 1995).[7]

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[7] Although the *Seabrook* questions will often be easily answered by reference to designs already in use in the marketplace, they are also useful in evaluating novel products, markets, or designs. It is possible to ask whether a design is "common," "unique," or something in between by reference to general experience, as well as by reference to a particular product or market. See *Turtle Wax, Inc.* v. *First Brands Corp.*, 781 F. Supp. 1314, 1321 (N.D. Ill. 1991) ("Presumably, it could be said about the trade dress of any new product that no competitive product combines precisely the same elements in its trade dress. * * * [T]hat fact alone does not make the product's trade dress inherently distinctive."). It may be that the law will often recognize new designs, or designs associated with new products, as inherently protect*able*. Appropriate limits on trademark protection, and protection of the interest in non-reputation-based competition, will then be supplied by the requirements that the design not be functional and that the plaintiff show consumer confusion.

Applying these principles to the present case, a factfinder would approach the issue of the inherent distinctiveness of Samara's claimed trade dress by asking three fairly specific and straightforward questions, well adapted to the context of product design: Is the design that comprises the claimed trade dress a common basic shape or design? Is it unique or unusual in the field of children's clothing? Is it merely a refinement of a commonly-adopted and well-known form of ornamentation for children's clothing? If, as seems likely, the answers to those questions would suggest that the claimed combination of design elements is not "inherently" distinctive as a form of trade dress, then Samara's use of that combination of elements would be protectable under trademark law only if Samara could show secondary meaning.[8]

By thus anchoring the analysis of "inherent" distinctiveness in a set of relatively concrete and easily applied questions, the *Seabrook* approach provides appropriate trademark protection for producers who have created distinctive, non-functional product designs that consumers are likely to perceive as identifying the source of goods, while preventing the exclusive appropriation of common or basic designs, or of mere variations on ordinary forms of ornamentation, without an actual demonstration that such a dress has acquired secondary meaning in the marketplace. Any approach that fails to provide such relatively definite, easily understood, and somewhat restrictive standards for the assessment of "inherent" distinctiveness risks extending trade dress protection to basic product de-

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[8] Samara would, of course, remain entitled to enforce its rights in the designs to which it holds valid copyrights. Copyright protection rests on the originality of the designs, not on their usefulness as a visual indicator to consumers of the source of goods.

signs that are not distinctive enough to strike the consumer immediately or automatically as unique identifiers of the *source* of a product, rather than simply as an aspect of the product itself. Extending trademark protection in those circumstances would improperly hinder product-related competition, without generating the benefits of reputation-related competition intended by the Lanham Act.[9]

2. Despite the considerable apparent variation in approaches adopted by the lower courts to the "inherent distinctiveness" question in trade dress cases, the basic *Seabrook* questions have been widely recognized as a useful analytic tool. The First Circuit, for example, recently reiterated its reliance on the *Seabrook* approach. *I.P. Lund Trading ApS* v. *Kohler Co.*, 163 F.3d 27, 40 (1st Cir. 1998). The Fourth Circuit, while adhering to the *Abercrombie* classifications, has recognized that *Seabrook*'s questions help give content to those classifications in product design cases. *Ashley Furniture Indus., Inc.* v. *SanGiacomo N.A. Ltd.*, 187 F.3d 363, 371 (4th Cir. 1999).[10] See also *Children's*

[9] Of course, even if a trade dress is deemed "inherently" distinctive, the Act does not protect exclusive use of that dress in the absence of a showing of consumer confusion, or if the design elements in question are "functional." See, *e.g.*, *Qualitex*, 514 U.S. at 165 (no protection if a product feature "is essential to the use or purpose of the article or if it affects the cost or quality of the article"); *Two Pesos*, 505 U.S. at 775.

[10] Although *Ashley* recognized that the *Abercrombie* spectrum "provide[s] the appropriate basic framework" in this context, it erred in stating that the question will usually be "whether an alleged trade dress can be considered arbitrary or fanciful or whether it must be ruled generic." 187 F.3d at 371. That way of framing the inquiry elides the middle of the *Abercrombie* spectrum, where a claimed dress (like a "descriptive" verbal mark) may be protectable, but only if the plaintiff can show secondary meaning. Given the complexity of the issue and the threat to

Factory, Inc. v. *Benee's Toys, Inc.*, 160 F.3d 489, 494 n.7 (8th Cir. 1998); *University of Florida* v. *KPB, Inc.*, 89 F.3d 773, 776 n.5 (11th Cir. 1996) (quoting *AmBrit, Inc.* v. *Kraft, Inc.*, 812 F.2d 1531, 1536 (11th Cir. 1986), cert. denied, 481 U.S. 1041 (1987). The *Seabrook* inquiry is also consistent with the discussion of "inherent" distinctiveness in the Third Restatement of the Law of Unfair Competition. Restatement § 16, cmt. b ("If the trade dress used by a particular seller differs in significant respects from that employed by others, consumers may be expected to utilize the trade dress as an indication of source."; where dress is "not sufficiently different from that used by others," trademark rights "will depend upon proof of distinctiveness through evidence of secondary meaning").

The Federal Circuit has cited *Seabrook* with approval, noting that "the focus of the [inherently distinctive] inquiry is whether or not the trade dress is of such a design that a buyer will immediately rely on it to differentiate the product from those of competing manufacturers; if so, it is inherently distinctive." *Tone Bros., Inc.* v. *Sysco Corp.*, 28 F.3d 1192, 1206 (Fed. Cir. 1994). Decisions of the Patent and Trademark Office's Trademark Trial and Appeal Board are directly reviewable by the Federal Circuit, see 15 U.S.C. 1071(a), and the PTO has thus continued to use the *Seabrook* approach, both in examining applications for trademark registration, see United States Department of Commerce, Patent and Trademark Office, *Trademark Manual of Examining Procedure* § 1202.04(b), at 1200-40 (2d ed., rev. 1.1, Apr. 1997), and in the administrative

legitimate competition posed by any over-extension of trademark protection, that intermediate result may be the most appropriate one in many product design cases.

adjudication of cases involving the "inherent" distinctiveness of designs for goods and services.

One trademark applicant, for example, sought to register packaging designed to resemble a gift-wrapped present as a unique "trade dress" for the applicant's Christmas-tree lights. *In re J. Kinderman & Sons, Inc.*, 46 U.S.P.Q.2d 1253 (T.T.A.B. 1998). Applying *Seabrook*, the examining attorney refused registration on the ground that there was "nothing unique or unusual about the designs," because designs resembling wrapped presents are common in the field of Christmas merchandise. *Id.* at 1254. Affirming that determination, the Trademark Trial and Appeals Board explained:

> while the designs * * * may be unique in the sense that we have no evidence that anyone else is using designs which are identical to them, they are nonetheless not inherently distinctive. * * * [They] are a mere refinement of a form of ornamentation for Christmas merchandise. As such, purchasers and prospective customers for applicant's goods would be unlikely to regard these designs as identifying and distinguishing applicant's Christmas tree lights and indicating their source.

Id. at 1255. Similarly, in *In re File*, 48 U.S.P.Q.2d 1363, 1367 (T.T.A.B. 1998), the Board found that bowling alley patrons "would not be likely to regard applicant's tubular lighting scheme as identifying and distinguishing the source of such services." Rather, "the use by applicant of a novel or striking scheme of tubular lights * * * would be perceived by customers * * * as simply a refinement of the commonplace decorative or ornamental lighting arrangements to which they have become accustomed." See also, *e.g.*, *In re Hudson News*, 39 U.S.P.Q.2d 1915, 1925 (T.T.A.B. 1996) (blue

motif for a newsstand not inherently distinctive because it was "a mere refinement of a basic blue interior decorating scheme"). In the PTO's experience, *Seabrook* provides a concrete, relatively predictable, and therefore administrable approach to analyzing claims for trade dress protection.

3. The Second and Third Circuits have attempted to fashion special "tests" for use in evaluating claims that a product's design embodies an inherently distinctive trade dress. On examination, however, neither court's approach proves superior to *Seabrook*'s.

a. In *Duraco Products, Inc.* v. *Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1440 (3d Cir. 1994), the Third Circuit rejected use of Judge Friendly's *Abercrombie* categories in cases involving trade dress protection for a product's configuration, as distinguished from its packaging. The court correctly observed that classification of a verbal or symbolic trademark under *Abercrombie* is determined by the relationship between the mark and the product. *Id.* at 1440-1441. It reasoned that no such "dialectical" relationship exists between a product's design or configuration and the product itself. *Ibid.* The court then set out a new, three-pronged test, under which a "product configuration," comprising "a product feature or some particular combination or arrangement of product features," will be judged "inherently" distinctive only if it is "(i) unusual and memorable; (ii) conceptually separable from the product; and (iii) likely to serve primarily as a designator of origin of the product." *Id.* at 1449.

Although there is much to agree with in the court's thoughtful opinion, *Duraco* erred in concluding that the relationship between claimed trade dress in a product design and the product itself is not comparable to the relationship between a product and a verbal or symbolic mark. In order to be eligible for trade dress protection

at all, a design element (or combination of such elements) must be non-functional; but any design element that is not, in *Duraco*'s phrase, "conceptually separable" from the product itself would, by definition, be a "functional" aspect of the product. The second prong of the Third Circuit's test accordingly adds little to the "distinctiveness" inquiry; to the extent it makes a difference, it conflates the questions of distinctiveness and functionality.[11] As we have explained, in the "distinctiveness" context, non-functional design features generally may indeed be thought of as falling along a spectrum quite analogous to that defined by *Abercrombie*. See pp. 15-17, *supra*. The inquiry is therefore best advanced, not by rejecting *Abercrombie* as an organizing principle, but by seeking practical ways to locate where a particular design falls upon the spectrum from "generic" to "fanciful."

In that regard, the first prong of the *Duraco* test, which asks whether a design feature is "unusual and memorable," is sound in its basic thrust, but provides little concrete guidance to a factfinder. It seems more productive to proceed, as *Seabrook* does, by framing

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[11] In the design of some products, including much clothing, having consumers find the product attractive is one of the designer's central goals. In cases involving such products (such as *Duraco*, which involved ornamental garden planters, or this case), the issues of design distinctiveness and functionality will be closely related. They remain, however, separate questions. The fact that a design is sufficiently unusual, in the context of its product, to be "distinctive" does not answer the question whether it is so integrally related to the product's intended use, cost, or quality as to be "functional." On the other hand, the fact that a design is not sufficiently unusual in its context to be "inherently" distinctive does not dictate a finding that it is "functional." Such a design may still be entitled to protection, if the maker can show secondary meaning, and the court concludes that the design is sufficiently separable from the product to be "non-functional."

questions that, while general enough to be adaptable, are sufficiently specific to focus the inquiry on particular characteristics of the design that is claimed as a distinctive trade dress.

The third *Duraco* prong—whether the claimed dress is "likely to serve primarily as a designator of origin of the product"—again aims in the right direction, but it is at once too broad and too narrow. It accurately states the nature of the overall inquiry, but at too high a level of generality to be useful as part of a "test," rather than simply as a description of the underlying principle. At the same time, the word "primarily" seems to *narrow* unduly the range of designs that may be found "inherently" distinctive. From a Lanham Act perspective, the question is whether a claimed dress is sufficiently distinctive to be viewed as presumptively source-designating, without any showing of secondary meaning. So long as a design is source-designating (and non-functional), it is irrelevant whether it also serves some other purpose (such as to make the product more attractive to consumers), or whether one or another of those purposes could be characterized as "primary."

2. The Second Circuit, like the Third, has observed that *Abercrombie*'s trademark categories "make little sense when applied to product features." *Knitwaves*, 71 F.3d at 1008. Rather than adopt *Duraco*'s suggested test, however, the Second Circuit has "simply asked whether the design was likely to be understood as an indicator of the product's source." *Landscape Forms, Inc.* v. *Columbia Cascade Co.*, 113 F.3d 373, 378 (2d Cir. 1997); see Pet. App. 9. That question is essentially the third prong of the *Duraco* test—leaving out the term "primarily"—and it is, as noted above, unobjectionable as a statement of the general problem to be solved. Its shortcoming as a "test" is that it provides little help to the factfinder in making the necessary

determination on particular facts. That help must come in the form of more specific questions, such as those set out in *Seabrook*. Indeed, the Second Circuit has specifically indicated that it considers its approach to be consistent with *Seabrook*; that the *Seabrook* questions are "useful tools"; and that, "as suggested by *Seabrook*, objective considerations of the product and its similarity to others on the market will always be relevant and often [be] decisive." *Landscape Forms*, 113 F.3d at 378 n.3.

Both *Landscape Forms* and *Knitwaves* indicate that a producer's "subjective intention[]" that a design serve as source-identifying "may be probative" on the question of "inherent" distinctiveness. See *Landscape Forms*, 113 F.3d at 378 n.3; *Knitwaves*, 71 F.3d at 1009 (sweater designs not inherently distinctive because manufacturer's objective was "primarily aesthetic"). Whether a producer "intended" a product design to be source-identifying, aesthetically pleasing, or both (as will often be the case) should not, however, be relevant in determining whether a claimed trade dress is "inherently" distinctive. That determination turns on the likely perceptions of consumers, not producers: The question is whether the claimed trade dress "almost *automatically* tell[s] a customer that [it] refer[s] to a brand." *Qualitex*, 514 U.S. at 162-163. Whether the producer "intended" such an effect is not relevant; what matters is what consumers are objectively likely to perceive. Compare Pet. App. 9-10 (distinguishing *Knitwaves* on grounds of Samara's subjective intentions) with *Seabrook*, 568 F.2d at 1345 (rejecting similar contention: "[R]egardless of Seabrook's intentions, it is the association, by the *consumer*, of the 'oval' design with Seabrook as the source that is determinative."); see also Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 N.C. L. Rev.

461, 546 n.220 (1997) ("[T]he intention of the producer is unresponsive to the heart of the Lanham Act's distinctiveness inquiry, namely whether the mark *identifies* goods and *distinguishes* them from the goods of others. The Lanham Act requires examination of how a mark does behave, or is likely to behave, not of how the producer hopes it will behave.").

D. This Case Should Be Remanded For Reconsideration Using The *Seabrook* Approach

For these reasons, the approaches to the "inherent distinctiveness" inquiry adopted by the Third Circuit and the court below are either flawed in conception, or too general to provide factfinders with concrete guidance and therefore lead to predictable results. The preferable approach is, instead, to preserve and adapt the *Abercrombie* principle of a spectrum of possible relationships between mark and product, while framing specific questions, appropriate to the design context, to guide factfinders in determining whether a particular design falls sufficiently far along that spectrum to justify granting it protection without a showing that consumers *in fact* view it as designating a specific manufacturer or other source. *Seabrook* offers one tested starting point for such an analysis.

In upholding the jury's finding of distinctiveness in this case, the district court relied not only on the *Seabrook* factors or evidence that goes to the same issues (such as the garments themselves), but also on evidence of Samara's subjective intentions, which are irrelevant, and of other factors, such as advertising expenditures, that the court thought relevant only "because they [might] show secondary meaning." Pet. App. 47. The court of appeals, by contrast, sustained the verdict solely on grounds of "inherent" distinctiveness—although only after defining the Samara "look" to its

own satisfaction. *Id.* at 8-15; see *id.* at 17-21 (addressing proper scope of injunction). That court did not analyze the evidence in terms of whether the combination of design elements that constitutes Samara's claimed trade dress is common or basic, unique or unusual in the market for children's clothes, strikingly original or a mere refinment of a common form of ornamentation. In the absence of such an analysis, there was no sufficient basis on which to conclude, without proof of secondary meaning, that the claimed "look" of Samara's seersucker children's wear is so distinctive that it would "almost *automatically* tell a customer" that it represents a "brand." *Qualitex*, 514 U.S. at 162-163.

CONCLUSION

The judgment of the court of appeals should be reversed, and the case should be remanded for evaluation under a proper standard articulated by this Court.

Respectfully submitted.

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IN THE
Supreme Court of the United States

WAL-MART STORES, INC.,
Petitioner,

v.

SAMARA BROTHERS, INC.,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

BRIEF FOR *AMICUS CURIAE* AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF NEITHER PARTY

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November 18, 1999

QUESTION PRESENTED

What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade-dress protection?

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INTEREST OF THE AMICUS CURIAE[1]

The American Intellectual Property Law Association ("AIPLA") is a national association of approximately 10,000 attorneys with interests and practices primarily in the areas of trademark, patent, copyright, trade secret and other intellectual property law. AIPLA attorneys are employed by private law firms, corporations, universities, and governments, and represent creators, owners and users of intellectual property. Unlike areas of practice in which separate and distinct plaintiffs' and defendants' bars exist, most intellectual property law attorneys represent both intellectual property owners and alleged infringers.

The AIPLA has no stake in the parties to this litigation or the result in this case. It takes no position in favor of either petitioner or respondent. AIPLA does, however, have a substantial interest in clarifying the criteria for determining whether product designs are inherently distinctive and thus qualify for trade dress protection under the Lanham Act. At present, several of the federal circuit courts of appeals employ different criteria for this determination. A uniform and workable standard for inherently distinctive product

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[1] Pursuant to Rule 37.6, the *amicus curiae* states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the *amicus curiae* or its counsel.

Pursuant to Rule 37.3, the parties have consented to the filing of this brief. Their letters of consent accompany this brief.

design trade dress will yield fairer, more predictable results in disputes involving intellectual property. Such a standard will help prevent forum shopping and opportunistic litigation, will enable individuals, companies and their attorneys to better assess the protectability of product designs, and will facilitate investment in proprietary brand identification, thus promoting fair competition.

SUMMARY OF THE ARGUMENT

This case affords the Court an opportunity to specify the criteria that should be considered in determining whether a product design is inherently distinctive and thus protected under Section 43(a) of the Lanham Act.[2] In *Two Pesos, Inc. v. Taco Cabana, Inc.*, the Court applied traditional trademark principles and statutory construction to hold that non-functional, inherently distinctive trade dress is protectable without the necessity of showing secondary meaning. 505 U.S. 763, *reh'g denied*, 505 U.S. 1244 (1992). Three years later, in *Qualitex Co. v. Jacobson Prods. Co., Inc.*, the Court again applied such principles and construction to affirm that color alone may be protected under the Lanham Act when it serves to identify the source of goods. 514 U.S. 159 (1995).

Since then, the courts of appeals have articulated numerous tests and factors for determining whether a product's design is inherently distinctive and protected under Section 43(a) of the Lanham Act. In some cases, these

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2/ A decision as to the criteria applicable to Section 43(a) also will be useful in evaluating unfair competition claims arising under the common law, since Section 43(a) establishes a federal statutory cause of action analogous to the common law tort of unfair competition.

differing criteria employed by the circuits reflect a fundamental disagreement over whether it is conceptually possible or appropriate to apply the analysis used for word trademarks to product designs, and whether a different, perhaps stricter, test is necessary to achieve the policy goals of the Lanham Act and to promote competition.

The Court should establish the standard for determining when product design features are inherently distinctive under the Lanham Act. The standard must be consistent with the goals of the Act, to "secure to the owner of the mark the goodwill of its business and to protect the ability of consumers to distinguish among competing producers." *Two Pesos*, 505 U.S. at 774 (quoting S. Rep. No. 79-133 at 3-5 (1946) from *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985)). The standard should also make it possible to distinguish between designs that are intrinsically capable of identifying a product's source and those which may acquire distinctiveness only through use (i.e., acquire "secondary meaning").

Ultimately, the essential issue in determining protectability of trade dress is "whether or not the trade dress is of such a design that a buyer will immediately rely on it to differentiate the product from those of competing manufacturers." *Insty*Bit Inc. v. Poly-Tech Indus., Inc.*, 95 F.3d 663, 672-73 (8th Cir. 1996), *reh'g, en banc, denied*, 1996 U.S. App. LEXIS 27365 (8th Cir. Oct. 21, 1996), *cert. denied*, 519 U.S. 1151 (1997). To determine this, AIPLA urges the Court to adopt a standard which considers the following: (1) whether the design is a common basic shape or design; (2) whether the design is unique or unusual in a particular field; (3) whether the design is a mere refinement of a commonly-adopted and well-known form of

ornamentation for a particular class of goods, viewed by the public as a dress or ornamentation for the goods; (4) whether the design is capable of creating a commercial impression distinct from the accompanying words, if any; and (5) any other factors or evidence which may tend to show that the design for which protection is sought would be recognized by members of the relevant public as an indication of source, origin, sponsorship, affiliation, or approval.[3] The factors identified in this test are probative of inherent distinctiveness, but should not be viewed as necessary and independent criteria which must all be satisfied by every inherently distinctive design. AIPLA believes these factors can be readily understood and applied, and that resulting judgments would be consistent with the goals of the Lanham Act. Such a test also would provide courts the flexibility to consider factors that would be relevant in a particular situation but that may not be appropriate in others.

3/ The first four factors are derived from the *Seabrook* test, which has been adopted in the First and Federal Circuits and discussed in the Second and Fourth Circuits in connection with product design trade dress. See *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977). The fifth factor is intended to allow courts the flexibility to consider other relevant facts that may not easily be categorized under the first four factors.

ARGUMENT

A. Product design trade dress can be inherently distinctive.

The protection against unfair competition available under Section 43(a) of the Lanham Act[4] extends to product designs.[5] The purpose of the Lanham Act is to "provid[e] national protection of trademarks in order for owners of marks to secure the goodwill of their businesses and in order to protect the ability of consumers to distinguish among competing producers." *Sunrise Jewelry Mfr. Corp. v. Fred S.A.*, 175 F.3d 1322, 1325 (Fed. Cir. 1999) (citing S. Rep.

4/ Lanham Act Section 43(a)(1) establishes a cause of action against unfair competition based on the alleged infringer's use "on or in connection with any goods or services, or any container for goods . . . [of] any word, term, name, symbol, or device, or any combination thereof . . . which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services or commercial activities by another person. . . ." 15 U.S.C. § 1125(a)(1) (1994).

5/ *See, e.g., Nabisco, Inc. v. PF Brands, Inc.*, 50 F. Supp. 2d 188, 199 (S.D.N.Y. 1999) (quoting 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 8.5 at 8-14 (4th ed. 1996): "The definition of trade dress has now been 'stretched to include the shape and design of the product itself'"), *aff'd*, 191 F.3d 208 (2d Cir. 1999); *Duraco Prods., Inc. v. Joy Plastics Enters., Ltd.*, 40 F.3d 1431, 1438-39 (3d Cir. 1994).

No. 79-1333 at 3, 5 (1946)). In *Two Pesos v. Taco Cabana*, the Court found that nothing in the statute provides a basis for "treating . . . verbal or symbolic trademarks differently from . . . trade dress." 505 U.S. 763, 774 (1992). Trade dress is "the total image of a product, and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques." 505 U.S. at 764 n.1 (quoting *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983)); *See also Duraco*, 40 F.3d at 1438-39. The Court has specifically held that color, used as a feature of product designs or trade dress, may function as a trademark, so long as it "act[s] as a symbol that distinguishes a firm's goods and identifies their source, without serving any other significant function." *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 166 (1995). "It is the source-distinguishing ability of the mark - not its ontological status as color, shape, fragrance, word, or sign - that permits it to serve these basic purposes." 514 U.S. at 164. This reasoning also applies with respect to other aspects of product design trade dress.

In *Two Pesos*, the Court stated the general rule that, for protection under Section 43(a) of the Lanham Act, trade dress must be non-functional and either be inherently distinctive or have acquired distinctiveness through secondary meaning. 505 U.S. at 769. Trade dress is "distinctive" and entitled to protection when it is "capable of identifying products or services as coming from a specific source." 505 U.S. at 773. *Inherently* distinctive trade dress is trade dress that serves to identify a particular source of a product "because [of its] intrinsic nature." 505 U.S. at 768. Proof that the public identifies an inherently distinctive product design or trade dress with a single source is unnecessary. Where other requirements are met, inherently

distinctive trade dress is presumed to identify the source of the goods or services, and is entitled to protection under Section 43(a). *Cf.* 505 U.S. at 773.

The producer of a product whose design is inherently distinctive may, under Section 43(a), prevent competitors from using a confusingly similar design from the moment the inherently distinctive product appears on the market. Because secondary meaning or acquired distinctiveness can be difficult and costly to prove, the ability to assert rights in a product design without such proof is valuable, and is especially critical to new market entrants. *See* 505 U.S. at 775.

B. Uncertainty over the standard for determining whether a product design is inherently distinctive undermines the purposes of the Lanham Act.

Trademarks and trade dress play a major role in reducing consumer costs and in creating an incentive for the production of quality goods. *See, e.g., Qualitex*, 514 U.S. at 163-64 and citations therein. These benefits, however, are substantially undermined by the current uncertainty over the standard for determining whether a particular design is inherently distinctive and thus presumed to identify the product's source. *Cf. Two Pesos*, 505 U.S. at 774 ("Engrafting onto § 43(a) a requirement of secondary meaning for inherently distinctive trade dress also would undermine the purpose of the Lanham Act.")

This issue was not before the Court in either *Two Pesos* or *Qualitex*. Since then, the Circuits that have addressed the issue have characterized an inherently distinctive product design as one which: "is capable of functioning as a

designator of an individual source of the product," *Ashley Furniture, Inc. v. San Giacomo N.A. Ltd.*, 187 F.3d 363, 366 (4th Cir. 1999); "is likely to be understood as an indicator of the product's source," *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378 (2d Cir. 1997); "is likely to serve primarily as a designator of origin of the product," *Duraco*, 40 F.3d at 1449, *Knitwaves Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008 (2d Cir. 1995); "almost automatically tell[s] a customer that [it] refer[s] to a brand;" *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1502 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996); and one which "a buyer will immediately rely on . . . to differentiate the product from those of competing manufacturers." *Insty*Bit, Inc.*, 95 F.3d at 673 (quoting *Tone Bros., Inc. v. Sysco Corp.*, 28 F.3d 1192, 1206 (Fed. Cir. 1994)). The courts of appeals have considered a variety of factors and utilized different tests in determining whether a particular design is presumptively source-identifying.

The First Circuit has expressly adopted the Court of Customs and Patent Appeals' *Seabrook* test to determine whether product design is inherently distinctive. *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 40 (1st Cir. 1988) (citing *Wiley v. American Greetings Corp.*, 762 F.2d 139 (1st Cir. 1985)). The Second Circuit has found the *Seabrook* factors to be consistent with its test, *Landscape Forms*, 113 F.3d at 378, and the Fourth Circuit relies on the *Seabrook* factors to clarify the distinctions required in its own analysis, *Ashley Furniture*, 187 F.3d at 371. The *Seabrook* test asks: (1) whether the design is a "common" basic shape or design; (2) whether the design is unique or unusual in a particular field; (3) whether it is a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods, viewed by the public as a dress or

ornamentation for the goods; or (4) whether it is capable of creating a commercial impression distinct from the accompanying words." *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977). AIPLA believes that this test, coupled with an additional instruction to consider any other factors or evidence tending to show that particular product design trade dress would be recognized by members of the relevant public as an indicator of source, origin, sponsorship, affiliation or approval, is the test most likely to result in the fair and correct adjudication of disputes involving product design trade dress.

The Fourth, Fifth and Eighth Circuits apply the same analysis for determining distinctiveness regardless of whether the intellectual property that is being evaluated is a trademark, package design, or product design. *Ashley Furniture*, 187 F.3d at 369-70; *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 540 (5th Cir. 1998), *reh'g denied*, 1998 U.S. App. LEXIS 29648 (5th Cir. Oct. 26, 1998); *Insty*Bit*, 95 F.3d at 672; *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 785 (8th Cir. 1995). Often citing *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976), these Circuits consider "whether, and how much, the trade dress is dictated by the nature of the product." *Stuart Hall*, 51 F.3d at 785-86. Thus, "generic" trade dress is incapable of functioning primarily as a source indicator, "descriptive" trade dress can function as a source indicator only if it has acquired secondary meaning, and trade dress that is "suggestive", "arbitrary" or "fanciful" qualifies for protection under Section 43(a) without a showing of secondary meaning.[6] While this test may be helpful in some instances,

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[6] *See, e.g., Ashley Furniture*, 187 F.3d at 369-70. In explaining how these categories apply to product design, the

it is difficult to communicate to a judge or jury what might be "generic", "descriptive", or "suggestive" with respect to a particular product design.

In evaluating product design trade dress, the Second Circuit asks "whether the design [is] likely to be understood as an indicator of a product's source." *Landscape Forms*, 113 F.3d at 378. Factors the Second Circuit has considered in determining inherent distinctiveness of product designs include: whether the creators intend the design to function as a source indicator (i.e., rather than to serve aesthetic or other purposes), *see, e.g., Samara Bros., Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120, 125 (2d Cir. 1998), *cert. granted, in part*, 1996 U.S. LEXIS 6583 (Oct. 4, 1999); whether the elements of the claimed trade dress are articulated with enough specificity to determine whether they are, as a whole, functional, *see, e.g., Landscape Forms*, 113 F.3d at 377; and whether protection is sought for an entire line of products, where the "concern for protecting competition is especially acute." *Id.* at 388 (quoting *Jeffrey Milstein v. Gregor, Lawlor, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995)). As characterized by the Southern District of New York, the Second Circuit's "standard for determining the inherent

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Fourth Circuit provides the example of banana-flavored candy, which "would be generic if the candy were round, descriptive if it were shaped like a banana, suggestive if it were shaped like a monkey, arbitrary if it were shaped like a trombone, and fanciful if it were formed into some hitherto unknown shape." 187 F.3d at 370. The Fifth Circuit defines descriptive trade dress as trade dress which "identifies a characteristic or quality of an article or service, such as its color, odor, function, dimensions, or ingredients." *Pebble Beach*, 155 F.3d at 540.

distinctiveness of a product's design is more rigorous than that for determining the inherent distinctiveness of the product's packaging," *Nabisco*, 50 F. Supp. 2d at 199 (citing *Knitwaves*, 71 F.3d at 1007-08). The Second Circuit thus holds that a different, stricter test is necessary to achieve the policy goals of the Lanham Act and to protect competition. *Landscape Forms*, 113 F.3d at 379-80.

The Third Circuit has likewise applied a stricter standard to product design trade dress. That Court focuses on likely public perception of the product's design as a source-indicator and the impact that protection under Section 43(a) is likely to have on competitors. It has held that, without proof of secondary meaning, Lanham Act protection for product design features should be available only under very limited circumstances. It reasons that a design feature is inherently distinctive only where

> there is a high probability that [it] serves a virtually exclusively identifying function for consumers – where the concerns over 'theft' of an identifying feature or combination or arrangement of features and the cost to an enterprise of gaining and proving secondary meaning outweigh concerns over inhibiting competition, and where consumers are especially likely to perceive a connection between the product's configuration and its source.

Duraco, 40 F.3d at 1434. Under the Third Circuit's test, an inherently distinctive product design must be (1) unusual and memorable; (2) conceptually separable from the product; and (3) likely to serve primarily as a designator of origin of the product. *Id.* at 1434, 1449-50.

Other circuits have criticized *Duraco* for imposing a standard for product design trade dress that appears to go beyond what this Court intended in *Two Pesos*. *See, e.g.*, *Stuart Hall*, 51 F.3d at 787-88; *Ashley Furniture*, 187 F.3d at 370-72. The stricter standards for inherent distinctiveness imposed by the Second and Third Circuits are unnecessary and, in fact, may lead to incorrect results. For instance, whether a design feature is "conceptually separable from the product itself," as required by *Duraco*, 40 F.3d at 1449, is more relevant to the question of whether the design is somehow functional than to its distinctiveness.[7]

In some cases, the different tests noted above reflect a fundamental disagreement over whether it is conceptually possible or appropriate to apply the same analysis to product design trade dress that is applied to word trademarks or packaging trade dress. The call by some for a stricter standard for product designs appears to stem, at least in part, from a failure to appreciate that protectable trade dress must be both non-functional and distinctive. For instance, the Third Circuit in *Duraco* appears to hold that, because product designs are, in a vast majority of instances, related to either the utilitarian functionality or the aesthetic appeal of the product, a very strict standard is required for such a design to achieve the coveted status of inherent distinctiveness, and that such a status can be achieved only rarely. *Duraco*, 40 F.3d at 1441-48. Even the Fifth Circuit,

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[7] Indeed, the requirement that a design must be physically or at least conceptually separable from the utilitarian features of an article in order to qualify for protection seems to be borrowed from copyright law. *See, e.g., Brandir Int'l, Inc. v. Cascade Pac. Lumber Co.*, 834 F.2d 1142, 1143-44 (2d Cir. 1987).

which applies the *Abercrombie* categories to identify inherently distinctive product designs, misconstrues the Court's distinction between the non-functionality and distinctiveness requirements set forth in *Two Pesos*. *Cf. Pebble Beach*, 155 F.3d at 536 (citing *Two Pesos*, 505 U.S. at 775, as support for its statement of the rule that "trade dress is not protectable and cannot be distinctive if it is functional").

Unfortunately, the application of such different standards means that a product design considered inherently distinctive in one circuit may not be deemed inherently distinctive in another. The inevitable consequence is forum shopping by those seeking to assert or defend against a trade dress infringement claim, and inequitable application of the presumptions and protection available under the Lanham Act. This undermines the intent of Congress to create nationally uniform protections for trademarks and trade dress. Furthermore, a standard that sets the bar too high or too low can have an anti-competitive effect. Too high a standard withholds the financial benefits of the goodwill established by the owner of the trade dress and prevents consumers from readily distinguishing among competing producers. Too low a standard frustrates the legitimate interests of competitors in bringing their goods and services to the public.

C. The Court should establish a uniform standard based on objective, readily understood criteria for determining whether product designs are inherently distinctive.

As the Court has recognized, in order for trade dress to qualify for protection, it must not only have inherent or

acquired distinctiveness, it must also be non-functional. *Two Pesos*, 505 U.S. at 769. The non-functionality requirement "prevents trademark law . . . from . . . inhibiting legitimate competition by allowing a producer to control a useful product feature." *Qualitex*, 514 U.S. at 164, 169-70. This requirement is a separate element in the two-part test established by the Court for determining whether a particular trade dress is eligible for protection under the Lanham Act, and requires a separate analysis.[8] The analysis required to assure that trade dress is non-functional thus acts in tandem with the analysis of distinctiveness, and helps assure that Lanham Act protection will not be extended to trade dress that is undeserving of such protection. *See Ashley Furniture*, 187 F.3d at 375.

The essential characteristic of inherently distinctive trade dress is that its design is "such . . . that a buyer will immediately rely on it to differentiate the product from those of competing manufacturers." *Insty*Bit*, 95 F.3d at 673. The issue of inherent distinctiveness concerns the "intrinsic nature" of the specific product features for which rights are being asserted. Therefore, the test for inherent distinctiveness should be an objective one, based on a

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[8] The Court already has recognized the possibility that a distinctive, source-identifying product design may nonetheless be ineligible for protection under Section 43(a) because it is functional. In *Qualitex*, the Court offered the example of a special, illumination-enhancing shape for a light-bulb, that might be identified with a particular manufacturer, but would not be protected under the Lanham Act because to do so would "frustrat[e] competitors' legitimate efforts to produce an equivalent illumination-enhancing bulb." 514 U.S. at 165.

dispassionate evaluation of the design in question, not speculation.

AIPLA believes that the factors identified by the Court of Customs and Patent Appeals in *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.* provide the appropriate starting point for any analysis of the inherent distinctiveness of a product's design. *See* 568 F.2d at 1344. These factors are: (1) whether the design is a common basic shape or design; (2) whether the design is unique or unusual in a particular field; (3) whether it is a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods, viewed by the public as a dress or ornamentation for the goods; or (4) whether it is capable of creating a commercial impression distinct from the accompanying words. The *Seabrook* factors are readily understandable and can be applied objectively to assess the intrinsic nature of designs. The first three factors compare the design for which Lanham Act protection is claimed with designs used by other manufacturers for similar products. *See Stuart Hall*, 51 F.3d at 786-87. The final *Seabrook* factor asks the fact-finder to distinguish between the graphic and verbal elements in the claimed design. None of the factors in this test requires speculation about whether and to what degree the public actually identifies the particular design features with a single source.[9] Rather, they provide an objective standard for

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[9] Although the third factor refers to the public's view of the design as ornamentation, the relevant concern is whether it is a refinement of a commonly-adopted and well-known form of ornamentation. This differs from the *Duraco* and *Knitwaves* tests, discussed *supra*, in that it does not require a positive finding, based on speculation, that the design is viewed as source-identifying, but only that it would

assessing "'whether the design, shape or combination of elements is so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicator of origin -- a trademark.'" *I.P. Lund*, 163 F.3d at 40 (quoting McCarthy, *supra* note 9, § 8.13). These factors, therefore, avoid the unintentional "engrafting onto Section 43(a) a requirement of secondary meaning for inherently distinctive trade dress." *Two Pesos*, 505 U.S. at 774.

The standard established by this Court should also permit the lower courts flexibility to consider other factors which may tend to show that the design for which protection is sought would be recognized by members of the relevant public as an indication of source, origin, sponsorship, affiliation or approval. Thus, for instance, while proof of secondary meaning is not required to show that a design is inherently distinctive, evidence that the public or the media immediately identifies the design with a particular manufacturer may be relevant in proving inherent distinctiveness. Consideration of such additional factors should not be precluded where it would assist the judge or jury to assess the inherent distinctiveness of a product's design. Accordingly, the following additional consideration should be added to the four *Seabrook* factors to provide the flexibility courts need in assessing inherent distinctiveness of product design trade dress: any other factors or evidence which may tend to show that the design for which protection is sought would be recognized by members of the relevant public as an indication of source, origin, sponsorship, affiliation, or approval.

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not be viewed as "mere ornamentation."

CONCLUSION

For the foregoing reasons, AIPLA urges the Court to establish a standard for determining whether product designs are inherently distinctive. The standard should include the four *Seabrook* factors. In addition, the Court should direct the lower courts to consider any other factors or evidence tending to show that particular product design trade dress would be recognized by members of the relevant public as an indication of source, origin, sponsorship, affiliation, or approval.

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No. 99-150

IN THE

Supreme Court of the United States

Wal-Mart Stores, Inc.

Petitioner,

—v.—

Samara Brothers, Inc.

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

BRIEF OF AMICUS CURIAE THE INTERNATIONAL TRADEMARK ASSOCIATION IN SUPPORT OF NEITHER PARTY

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Respondent.

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BRIEF OF AMICUS CURIAE THE INTERNATIONAL TRADEMARK ASSOCIATION IN SUPPORT OF NEITHER PARTY

INTRODUCTION

The International Trademark Association ("INTA"),[1] having obtained written consent of the parties pursuant to Rule 37.3 of the Rules of this Court,[2] submits this brief as

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[1] This brief was not authored, in whole or in part, by counsel to a party and no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the amicus curiae or its counsel. Neither petitioner nor respondent is a member of amicus curiae. The law firm of petitioner's counsel is an associate member, but has not participated in the decision to submit this brief, in its preparation, or in its submission.

[2] The consents have been filed with the Clerk with this brief.

amicus curiae. INTA believes that the legal premise underlying the Court of Appeals' opinion—that nonfunctional aspects of a product's configuration or ornamentation may qualify for protection as inherently distinctive trade dress—is correct. Nevertheless, INTA questions whether the Court of Appeals applied the appropriate standard in holding that the trade dress at issue is inherently distinctive.

Beyond the Court of Appeals' general description, INTA is not familiar with the details of plaintiff's line of children's clothing, or with the evidence on which the jury relied. It thus does not take a position as to whether the Court of Appeals' decision should be affirmed. Instead, INTA's purpose in filing this amicus brief is: (a) to suggest that a different standard should be applied to product, as opposed to packaging, designs; and (b) to urge that the test formulated in the *Seabrook* case,[3] not the "*Abercrombie* spectrum,"[4] is the appropriate standard for assessing the inherent distinctiveness of a product's appearance.

STATEMENT OF INTEREST OF THE AMICUS CURIAE

INTA is a not-for-profit corporation whose more than 3700 members have a special interest in trademarks. They include trademark owners, law firms, advertising agencies, package design firms and professional associations from the United States and 119 other countries. All share the goals of emphasizing the importance of trademarks and trademark protection, and of promoting an understanding of the essential role trademarks play in fostering informed decisions by consumers, effective commerce, and fair competition. INTA members frequently are participants in trademark litigation, and therefore are interested in the development of clear and consistent principles of trademark and unfair competition

[3] *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977).

[4] *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

law. INTA has substantial expertise in trademark law and has selectively participated as an amicus curiae in cases involving vital trademark issues.[5]

INTA was founded in 1878 as the United States Trademark Association, in part to encourage the enactment of federal trademark legislation after this country's first trademark act was declared unconstitutional. Since that time, INTA has been instrumental in making recommendations and providing assistance to legislators in connection with each subsequent trademark act, or amendment thereof, including the Trademark Law Revision Act of 1988 ("TLRA"). *See* 134 Cong. Rec. S16974 (daily ed. Oct. 20, 1988) (statement of Sen. DeConcini). One significant revision included in the TLRA was the amendment of section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), to acknowledge the evolution of the section since 1946 "into a Federal law of unfair competition," 135 Cong. Rec. H10422 (daily ed. Oct. 19, 1989) (statement of Rep. Moorhead), protecting, *inter alia*, unregistered trademarks and trade dress. *See* S. Rep. No. 100-515, at 40 (1988).

In addition, the Lanham Act was amended to adopt the view expressed by a majority of federal courts that all of

[5] Cases in which INTA has filed amicus briefs include: *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 119 S. Ct. 2219 (1999); *Dickinson v. Zurko*, 119 S. Ct. 1816 (1999); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281 (1988); *WarnerVision Entertainment Inc. v. Empire of Carolina, Inc.*, 101 F.3d 259 (2d Cir. 1996); *Preferred Risk Mut. Ins. Co. v. United States*, 86 F.3d 789 (8th Cir. 1996); *Conopco, Inc. v. May Dep't Stores Co.*, 46 F.3d 1556 (Fed. Cir. 1994); *Ralston Purina Co. v. On-Cor Frozen Foods, Inc.*, 746 F.2d 801 (Fed. Cir. 1984); *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316 (9th Cir. 1982); *In re Borden, Inc.*, 92 F.T.C. 669 (1978), *aff'd sub nom Borden, Inc. v. Fed. Trade Comm'n*, 674 F.2d 498 (6th Cir. 1982), *vacated and remanded*, 461 U.S. 940 (1983); *Redd v. Shell Oil Co.*, 524 F.2d 1054 (10th Cir. 1975); *Century 21 Real Estate Corp. v. Nevada Real Estate Advisory Comm'n*, 448 F. Supp. 1237 (D. Nev. 1978), *aff'd*, 440 U.S. 941 (1979).

the remedies available for infringement of registered marks are also available for infringement of unregistered marks and trade dress. TLRA, §§ 127-30, 102 Stat. at 3943-45; 133 Cong. Rec. S16347 (daily ed. Nov. 19, 1987) (statement of Sen. DeConcini). Where appropriate, however, INTA has also encouraged the enactment of statutory revisions aimed at restricting overreaching trade dress claims. *See* Trademark Amendments Act of 1999, § 5, Pub. L. No. 106-43, 113 Stat. 218, 220 (1999).

INTA has a particular interest in this case for three reasons. First, it wishes to ensure that section 43(a) will continue to be applied in a manner consistent with traditional principles of trademark law. This section is the means by which the vast majority of trade dress disputes are litigated in the federal courts, and its uniform evolution was one of the congressional goals of enacting the TLRA.

Second, in cases involving claims to product configurations and ornamentation (hereinafter "product design" or "product appearance"), there is a split among the approaches used by the Courts of Appeals for implementing the holding in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992). Some Circuits hold that product design can rarely, if ever, serve as an inherently distinctive indicator of origin,[6] and other Circuits appear to hold that virtually any product design that is nonfunctional merits trade dress protection.[7]

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[6] The Second Circuit "appears to be moving toward a rule that packaging is usually indicative of a product's source, while the design ... of the product is usually not so." *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 379 (2d Cir. 1997); *see also Duraco Prods., Inc. v. Joy Plastic Enters.*, 40 F.3d 1431 (3d Cir. 1994). Other than the decision under review, no court applying recent Second and Third Circuit precedent "has found a product design inherently distinctive." Graeme B. Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 N.C.L. REV. 471, 557 (1997).

[7] *See Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 785-87 (8th Cir. 1995) ("[T]he question ... is whether, and how much, the trade dress is dictated by the nature of the product, not whether consumers remember

Third, the question for which certiorari was granted provides the Court with an opportunity to clarify principles underlying both the trade dress protection to be afforded companies for the substantial investments often made in nonfunctional product designs, and the rights of competitors fairly to enter a market by adopting popular design elements in the public domain.

SUMMARY OF THE ARGUMENT

Trade dress, as is the case with any word, symbol, or other device, is eligible for protection if it distinguishes goods or services of one competitor from those offered by others. The appropriate inquiry in every instance is whether the trade dress is nonfunctional and is perceived as identifying and distinguishing goods and services, enabling purchasers to associate them with a particular, albeit often unknown, source. If the answer to that inquiry is "yes," the trade dress is protectable. Although more cases have addressed the concept of distinctiveness in the context of words than trade dress, this Court has properly recognized that there are varying degrees of distinctiveness that may attach to both.

At one end of the spectrum are words and trade dress that are wholly incapable of possessing distinctiveness as brand signals because they denote the product itself, and there is no alternative way to produce and sell competitive goods without using the same word or dress that the initial user has tried to appropriate for itself. If such exclusive appropriation would render others unable to communicate or compete, no protection is available.

In the middle are words and trade dress that, at the time of adoption, primarily perform a role directly related to a product, *e.g.*, they describe a characteristic of the product or serve only as ornamentation. Such nondistinctive words

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or are struck by the design, or whether consumers associate the design with its source"); *see also Insty*Bit, Inc. v. Poly-Tech Indus.*, 95 F.3d 663 (8th Cir. 1996), *cert. denied*, 519 U.S. 1151 (1997).

and trade dress can come to serve as indications of origin, but only after they acquire, through use, a "secondary meaning" associating them with a single source. Prior to the acquisition of secondary meaning, they are not entitled to protection because they do not perform a trademark function.

At the other end of the spectrum are words and trade dress that are deemed "inherently distinctive" because their source-identifying function is readily apparent from the outset. As a result, they are entitled to protection upon adoption. When dealing with such trademarks or trade dress, it is superfluous to require proof that these symbols have acquired a "secondary meaning," because their primary meaning *is* to communicate a source-identifying message.

The Court of Appeals correctly accepted as an underlying principle the proposition that it is possible, in a proper case, for nonfunctional aspects of a product's design to serve as inherently distinctive trade dress without proof of secondary meaning. It appears, however, that the Court of Appeals may have characterized Samara's line of clothing as inherently distinctive without considering the differing perceptions consumers attach to a product's appearance, as opposed to packages and labels.

In *Two Pesos*, for example, this Court dealt with packaging trade dress. *See* 505 U.S. at 786-87 (Thomas, J., concurring); *Duraco Prods., Inc. v. Joy Plastics Enters.*, 40 F.3d 1431, 1445 (3d Cir. 1994). The restaurant "look" at issue was not the product sold but, like the "Golden Arches" of McDonald's, was a device to identify origin, and consumers have become highly sensitized in appreciating the brand significance of such symbols.[8] In thus discussing whether the "look" in *Two Pesos* was generic, descriptive or inher-

[8] *See, e.g., Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163 (1995) ("The imaginary word 'Suntost' ... on a jar of orange jam immediately would signal a brand...."); *see also Duraco Prods.*, 40 F.3d at 1448 (consumers have "common abundant experience [in distinguishing] similar goods [based on] differing packaging").

ently distinctive, the Court referred to what is frequently denominated the "*Abercrombie* spectrum," which has been utilized in assessing the likely impact of words and packages on consumers. 505 U.S. at 768 (citing *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976)).

In this case, the Court is confronted with product trade dress—the appearance or design of a product—that consumers are less likely to regard as a brand signal, and as to which, INTA submits, the *Abercrombie* test is inappropriate. The Court of Appeals, moreover, may have overly emphasized Samara's intent to foster brand loyalty with its designs, and insufficiently explored whether that intent was inherently communicated to the marketplace. Although intent may be one relevant factor, assessments of inherent distinctiveness involve predictions of how *consumers* will react to a design, *e.g.*, as an indication of source or merely as a desirable feature of the goods.

In evaluating likely consumer reactions to product designs, it is submitted that the inquiry should be visually articulated: (1) whether the design is a common, or basic shape; (2) whether it is unique or unusual in the field; (3) whether it is a mere refinement of a commonly-adopted look in the field; and (4) whether it is capable of creating an impression distinct from the product itself. The degree of any singularity of a design must be assessed, and the nature of a specific market may bear heavily on whether product appearance functions as a brand.

INTA has not had access to the record, and does not have an opinion on the application of this test to the facts of this case. It files this brief to emphasize the policies and principles that underlie the inquiry, and the importance of balancing the ability of sellers to communicate accurate and useful information about product source to consumers with the need of competitors to have access to product features and other indicia necessary for effective competition.

ARGUMENT

I. Product Design Can Be Protectable Trade Dress.

Under the Lanham Act, a "trademark" may be "any word, name, symbol, or device, or any combination thereof" used by an owner "to identify and distinguish [its] goods ... from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C. § 1127 (1994 & Supp. III 1997). When the mark in question consists of a nonverbal designation of origin, it is often referred to as "trade dress." As this Court has recognized, the distinction between "trademarks" and "trade dress" is often one of semantics. *See Two Pesos*, 505 U.S. at 773 ("[T]he protection of trademarks and trade dress ... serves the same statutory purpose of preventing deception and unfair competition.").

In its most common form, trade dress consists of the packaging and labels for a particular product. *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 831 (11th Cir. 1982) ("[T]he majority of trade dress claims involve a manufacturer's container or packaging ...."). Trade dress can also consist of the appearance of buildings, *Two Pesos*, 505 U.S. 763, a single color, *Qualitex*, 514 U.S. 159, a fragrance, *In re Clarke*, 17 U.S.P.Q.2d 1238 (T.T.A.B. 1990), a sound, *In re General Elec. Broad. Co.*, 199 U.S.P.Q. 560 (T.T.A.B. 1978), or unique sales techniques. *See Original Appalachian Artworks*, 684 F.2d at 831.

It is also obvious that the nonfunctional aspects of a product's appearance can constitute protectable trade dress. *See, e.g., Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260 (Fed. Cir. 1995) (furniture); *Kohler Co. v. Moen Inc.*, 12 F.3d 632 (7th Cir. 1993) (water faucet). In enacting the Trademark Law Revision Act of 1988, Congress sought to codify the judicial extension of trade dress protection to product design under the Lanham Act. *See* S. Rep. 100-515, *supra*, at 44. Indeed, with respect to some products, *e.g.*,

automobiles, a visibly unique design can operate as efficiently as a word mark in distinguishing one source from another. *See, e.g., Chrysler Corp. v. Silva*, 118 F.3d 56, 57 (1st Cir. 1997) ("[T]here is enormous competition that depends upon the body appearance of automobiles.").

To qualify under sections 32 or 43 of the Lanham Act, 15 U.S.C. §§ 1114, 1125, for protection against infringement, a claimant's trade dress must be (1) a distinctive indicator of origin and (2) "nonfunctional," *i.e.*, not essential to the use or purpose of the associated good or service or affecting its cost or quality. Provided that these prerequisites are met, trade dress protection for product design does not create a conflict with federal patent or copyright law. *See, e.g., W.T. Rogers Co. v. Keene*, 778 F.2d 334, 337 n.8 (7th Cir. 1985); *see also Midwest Indus. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir. 1999). Nevertheless, "[r]igorous application of the requirements of distinctiveness and nonfunctionality is essential in order to avoid undermining the carefully circumscribed statutory regimes ... [of] federal patent and copyright law." Restatement (Third) of Unfair Competition § 16 cmt. b (1995).

II. The Historical Test for Distinctiveness of Word Marks is Uniquely Suited for Those Marks.

A summary of the law as to more traditional trademark symbols may assist in devising the test that should be applied to less traditional product designs. Where conventional words are concerned, courts have long had the benefit of a cohesive framework for measuring distinctiveness. Under it, words used to communicate information with respect to products fall broadly into five categories: (i) generic; (ii) descriptive, (iii) suggestive; (iv) arbitrary; and (v) fanciful. *See Abercrombie & Fitch*, 537 F.2d at 9.

Words with a primarily generic meaning are essential to effective communication, and unfair competition law does not permit their monopolization by individual competitors.

See Bayer Co. v. United Drug Co., 272 F. 505 (S.D.N.Y. 1921). Because generic terms delineate a category of goods, they do not serve to differentiate and identify the particular goods of one producer; they do not communicate any message as to source. *See Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985). Generic words simply do not, and cannot, perform trademark functions.

Similarly, words that primarily describe something about goods or services do not inherently differentiate as to source. Accordingly, when such words are used in their descriptive sense, they cannot be appropriated by a single competitor. *See Estate of P.D. Beckwith, Inc. v. Commissioner of Patents*, 252 U.S. 538, 543-44 (1920). If, however, a descriptive term has acquired a *second* meaning identifying a single source (*i.e.*, if it has acquired distinctiveness), *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982), the use of that term in its distinctive, trademark sense by a competitor may cause confusion in the marketplace. *See Coca Cola Co. v. Koke Co. of Am.*, 254 U.S. 143, 146 (1920). To permit such *mis*communication would allow a competitor to "poach" on the "commercial magnetism" of another. *See Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942).[9]

A different level of protection is accorded for words that are primarily suggestive, arbitrary or fanciful. From the moment of first use, such symbols *can* be protected because consumers inherently react to them as brand signals, and they are *not* necessary for others to communicate in the marketplace. Others freely may rely upon generic and descriptive terms to provide useful information to purchasers, and they may adopt their own unique and inherently distinctive symbols, the number of suggestive, arbitrary, and fanciful terms

[9] Initially, the "Play Doh" brand was at least highly suggestive, if not descriptive, of a dough-like, play product, but it is now a very strong mark that "casts a long shadow which competitors must avoid." *Kenner Parker Toys v. Rose Art Indus.*, 963 F.2d 350, 353-54 (Fed. Cir. 1992).

being limited only by human imagination. *See Stork Restaurant v. Sahati*, 166 F.2d 348, 361 (9th Cir. 1948).

The greater level of protection for inherently distinctive symbols is consistent with one of the principal rationales for trademark protection: "to reduce the cost of information to consumers by making it easy for them to identify the products or producers with which they have had either good experiences, so that they want to keep buying the product ..., or bad experiences, so that they want to avoid the product or the producer in the future." *W.T. Rogers*, 778 F.2d at 338; *see also Qualitex*, 514 U.S. at 163-64. Allowing another in the market place to use the same, or similar, inherently distinctive terms as have been previously adopted would not only increase the likelihood of confusion among potential purchasers, but would also discourage businesses from investing in, and bringing to market, a variety of goods about which they might not be able effectively to communicate.

III. When Trade Dress Performs the Identifying Function of a Word Mark, it is Entitled to Protection Under the Same Principles.

Trade dress has its own spectrum of distinctiveness, albeit one somewhat less developed than that for verbal trademarks. The trade dress categories analogous to those used in word mark cases are described below.

A. There is No Protection for Claimed "Trade Dress" That is Functional.

A product's design is functional "if it is essential to the use or purpose of the article or if it affects [its] cost or quality." *Inwood Labs.*, 456 U.S. at 850 n.10. A functional design is equivalent to a generic word: it cannot be appropriated as trade dress by one competitor because it cannot distinguish goods as originating from one source and is es-

sential to communication and competition.[10] *See generally Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 175 F.3d 1322 (Fed. Cir. 1999); *see also Fun-damental Too, Ltd. v. Gemmy Indus.*, 111 F.3d 993, 1000-01 (2d Cir. 1997).

As Justice Brandeis observed in *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 120 (1938):

> When an article may be manufactured by all, a particular manufacturer can no more assert exclusive rights in a form in which the public has become accustomed to see the article and which, in the minds of the public, is primarily associated with the article rather than a particular producer, than it can in the case of a name with similar connections in the public mind.

Manufacturers often are driven by economic imperatives to produce goods as efficiently as possible, and if a product's design is adapted to its functional purpose, it does little other than to communicate the nature of the product, rather than its origin. As a result, such product designs can rarely be protected. *See, e.g., Textron, Inc. v. United States Int'l Trade Comm'n*, 753 F.2d 1019, 1027 (Fed. Cir. 1985).[11]

B. Even if it is Not Inherently Distinctive, Nonfunctional Trade Dress with Secondary Meaning is Protected.

Like descriptive word marks, some trade dress may be protected only if it has acquired secondary meaning. For example, although not essential to competition in the sense that there is a "need to copy" to compete effectively, *In re*

[10] If a "product is in its particular shape because it works better in this shape," that shape is *de jure* functional. *In re R.M. Smith, Inc.*, 734 F.2d 1482, 1484 (Fed. Cir. 1984). Heart-shaped boxes thus may not be appropriated by one firm for the sale of Valentine's Day candy.

[11] "No matter how beautifully designed, an industrial product is what it is." *Krueger Int'l, Inc. v. Nightingale, Inc.*, 915 F. Supp. 595, 601 (S.D.N.Y. 1996).

R.M. Smith, Inc., 734 F.2d 1482, 1484 (Fed. Cir. 1984) (citing *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1339 (C.C.P.A. 1982)), trade dress may communicate information about a product by enhancing or reinforcing product attributes or by serving merely to ornament or decorate. In these situations, trade dress is equivalent to a descriptive term, and cannot be protected without a showing of secondary meaning. When, however, a trade dress combination, including elements that have a commonly understood function or a descriptive or ornamental connotation, has acquired secondary meaning, it can serve as an indication of source. Protection against competitive use is required if marketplace confusion is to be avoided. *See Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1218 (8th Cir. 1976).

Imagine, for example, that a manufacturer of reconstituted lemon juice is first to package its product in a yellow, lemon-shaped container. That container clearly describes something (nearly everything) about the nature of the product. If, however, after extensive advertising and promotion, purchasers become conditioned to associate the container, not with its sour contents, but with a particular producer of lemon juice, the manufacturer would be permitted to exclude others from adopting similar containers. *See Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 426 (5th Cir. 1984).

C. There is Immediate Protection for Nonfunctional Trade Dress that is Inherently Distinctive

As this Court properly recognized in *Two Pesos*, trade dress that is "inherently distinctive" may be instantly appropriated by a single competitor, without more, because it is inherently capable of distinguishing goods and it is not necessary that others use it for effective competition or communication.[12] The diversity of packaging trade dress,

[12] The protectability of inherently distinctive trade dress is not impaired because it is incorporated in a utilitarian object: a uniquely designed bot-

again, is limited only by human imagination, and permitting use of similar indicia by competitors would increase the likelihood of confusion. *See Chevron Chem. Co. v. Voluntary Purchasing Groups*, 659 F.2d 695, 703 (5th Cir. 1981).

Trade dress that, *ab initio*, is capable of distinguishing source does not hinder competitors in selling their own goods. For example, if a maker of diapers were to market its goods in packaging that resembled ice cream cones, the uniqueness of the packaging, and the lack of a nexus between it and the product contained in it, would likely engender a brand response from consumers, *see, e.g., In re International Playtex Corp.*, 153 U.S.P.Q. 377, 378 (T.T.A.B. 1967), and there would be no bona fide reason for a competitor to use similar packaging.

IV. *Seabrook* is the Proper Test for Evaluating Inherent Distinctiveness of Product Designs

All but the most basic words, and many packages, may be protected without a showing of secondary meaning because: (i) they generally exist separately from the goods; (ii) they are almost infinitely variable; (iii) their simulation is likely to be motivated by an intent to trade on their good will;[13] and (iv) consumers have been highly sensitized to their brand-differentiating significance. As a consequence, their appropriation as indicators of origin does not pose a threat to the competitive process. *See Duraco Prods., Inc. v. Joy Plastic Enters.*, 40 F.3d 1431, 1448 (3d Cir. 1994) ("Product packaging designs, like trademarks, often share membership in a practically inexhaustible set of distinct, but approximately equivalent variations, and an exclusive right to a particular overall presentation generally does not substantially hinder competition in the packaged good, the item in which a consumer has a basic interest."). It is thus accepted wisdom that such symbols should be robustly protected[14] and that the failure to prevent their infringement may diminish both competition and the incentive to invest in product quality and variety.[15]

With product designs, on the other hand: (i) there is less, if any, separation from the goods;[16] (ii) variations are more "finite";[17] (iii) inappropriately extended protection may be harmful to competition;[18] (iv) in many markets, consumers are not accustomed to attach special meaning to designs;[19] and (v) and copying may be motivated by an intent to compete for the good will of the product, not of its producer.[20] As the Restatement explains:

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tle can be protected even though, *de facto*, it holds liquid. *See Ex parte Haig & Haig Ltd.*, 118 U.S.P.Q. 229 (Comm'r Patents 1958).

[13] *See, e.g., Osem Food Indus. v. Sherwood Foods, Inc.*, 917 F.2d 161, 165 (4th Cir. 1990) ("When a newcomer to the market copies a competitor's trade dress, its intent must be to benefit from [plaintiff's] goodwill....").

[14] *See, e.g., Two Pesos*, 505 U.S. at 774.

[15] *See* William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 271-72 (1988).

[16] *See Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 658 (7th Cir. 1995) ("[P]roduct features, though they may identify the source of the product, do not really identify the product—they are the product.").

[17] *Duraco Prods.*, 40 F.3d at 1448.

[18] Costs and commercial considerations with respect to many mass-produced products dictate that they look alike in many respects. *See Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984). Particularly, therefore, if their appearance is viewed as a whole, *Joseph Schlitz Brewing Co. v. Houston Ice & Brewing Co.*, 250 U.S. 28, 29 (1919) ("[I]t is a fallacy to break the fagot stick by stick....") (Holmes, J.), protecting any one feature might chill alternatives or lead to the protection of pedestrian individual elements necessary to effective communication under the theory that they are part of an overall design. *See, e.g., Paddington Corp. v. Attiki Importers & Distribs., Inc.*, 996 F.2d 577, 584 (2d Cir. 1993) ("One could no more deny protection to a trade dress for using commonly used elements than one could deny protection to a trademark because it consisted of a combination of commonly used letters of the alphabet.").

[19] *See In re DC Comics, Inc.*, 689 F.2d 1042, 1051 (C.C.P.A. 1982) ("[W]e expect that similar products will come from a number of sources ....") (Nies, J. concurring).

[20] "Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all—and in the free exercise

> As a practical matter, ... it is less common for consumers to recognize the design of a product or product feature [as opposed to packaging features] as an indication of source. Product designs are more likely to be seen merely as utilitarian or ornamental aspects of the goods. In addition, the competitive interest of copying product designs is more substantial than in the case of packaging.... Product designs are therefore not ordinarily considered inherently distinctive and are thus normally protected only upon proof of secondary meaning.

Restatement, *supra*, § 16 cmt. b; *see also EFS Mktg., Inc. v. Russ Berrie & Co.*, 76 F.3d 487, 491 (2d Cir. 1996) ("[C]onsumers do not associate the design of a product with a particular manufacturer as readily as they do a trademark or product-packaging."); *Sassafras Enters. v. Roshco, Inc.*, 915 F. Supp. 1, 5 (N.D. Ill. 1996) ("[I]t is obviously not impossible for a product's [design] to be inherently distinctive, [but] it is worth mentioning at the outset that [the plaintiff's] burden as to inherent distinctiveness is not an easy one ....").

In view of the differences between packages and products, analytical tools developed for the former may be of little assistance in addressing the design of the latter. Asking, for example, merely whether a product design is "arbitrary" on the *Abercrombie* spectrum may lead to an aberrant result:

> While "arbitrary," "fanciful," or "suggestive" packaging ... may be presumed to serve [a] source-identifying function, and thus may be deemed per se distinctive of the

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of which the consuming public is deeply interested." *Kellogg*, 305 U.S. at 122. Although there is a "general lack of legitimate reasons for copying a competitor's mark," the same may not be true as to its product. *Versa Prods. Co. v. Bifold Co. (Mfg.) Ltd.*, 50 F.3d 189, 201 (3d Cir. 1995).

> source, the same presumption may not be made with regard to product features or designs whose primary purposes are likely to be functional or aesthetic.

Knitwaves, Inc. v. Lollytogs Ltd., 71 F.3d 996, 1008 (2d Cir. 1995) (citation omitted).[21] The floral pattern on hotel china in *Pagliero v. Wallace China Co. Ltd.*, 198 F.2d 339 (9th Cir. 1952), was thus technically "arbitrary," but it was added to enhance salability, not to identify, and it was regarded by hotel buyers as merely decorative. Accordingly, "the *Abercrombie* classifications do not translate easily to the [product] trade dress context ...." *Krueger Int'l*, 915 F. Supp. at 601; *see also id.* ("Does the shape of a chair seat 'suggest' a chair seat? Does it 'describe' a chair seat? Or is it just a chair seat?"). "[T]he very basis for the [*Abercrombie*] trademark taxonomy—the descriptive relationship between the mark and the product, along with the degree to which the mark describes the product—is unsuited for application to the product itself." *Duraco Prods.*, 40 F.3d at 1434.

The ultimate question as to any symbol is whether consumers inherently react to it as a brand or a mere articulation or feature of the goods. With words, there is an array of tools for making such assessments, and because consumers usually react similarly to packages,[22] the same tools may

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[21] The same observation impacts a secondary meaning assessment. For example, while sales are a factor in testing for the secondary meaning of package designs, they may, as to product appearance, reflect only the "desirability of the product configuration rather than the source-designating capacity of the supposedly distinguishing feature." *Duraco Prods.*, 40 F.3d at 1452. There is authority, therefore, that secondary meaning for product appearance can only be established by a consumer survey. *See Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.2d 246 (5th Cir. 1997), *cert. denied*, 118 S. Ct. 1795 (1998).

[22] This is not to say that the *Abercrombie* analysis will always properly balance the interests of the package trade dress claimant and its competitors; reliance on the *Abercrombie* analysis can result, for instance, in the over-protection of packaging trade dress whose principal features are motifs and designs commonly used in the industry.

often be applied. There is, however, no commonly accepted dictionary of product designs, and the test for predicting likely consumer reactions to a product's appearance should thus be stated in visual rather than in verbal terms. INTA submits that the most suitable test that has thus far been formulated appears in *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977), and considers:

> whether the feature [is] a "common" basic shape or design, whether it [is] unique or unusual in a particular field, whether it [is] a mere refinement of a commonly adopted and well-known ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods, or whether it [is] capable of creating a commercial impression distinct from the accompanying words.[23]

The uniqueness of a product's design should be assessed in relationship to the product itself,[24] as well as with respect to other goods in the market, and the *Seabrook* formulation

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[23] To the extent that a consensus exists on the proper test for inherent distinctiveness, the *Seabrook* framework has already met with widespread acceptance in the product appearance context and constitutes the apparent majority rule. *See, e.g., I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 33 (1st Cir. 1998); *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 857-58 (11th Cir. 1983); *see also Swisher Mower & Mach. Co. v. Haban Mfg., Inc.*, 931 F. Supp. 645, 649-50 (W.D. Mo. 1996); *Krueger Int'l, Inc. v. Nightingale Inc.*, 915 F. Supp. 595, 603 (S.D.N.Y. 1996); *Ergotron, Inc. v. Hergo Ergonomic Support Sys., Inc.*, No. 94 CIV 2732, 1996 U.S. Dist. LEXIS 3822, at *14-15 (S.D.N.Y. March 29, 1996); *National Presto Indus. v. Hamilton Beach, Inc.*, 18 U.S.P.Q.2d 1993, 1999 (N.D. Ill. 1990); *Bloomfield Indus. v. Stewart Sandwiches, Inc.*, 716 F. Supp. 380, 385 (N.D. Ind. 1989). Indeed, even courts that have continued to apply *Abercrombie* to product appearance have recognized the value of reliance on *Seabrook* as well. *See, e.g., Ashley Furniture Indus. v. Sangiacomo N.A.*, 187 F.3d 363, 370-71 (4th Cir. 1999).

[24] *Chevron Chem. Co.*, 659 F.2d at 702 (a feature cannot "function either to describe the product or assist in its effective packaging").

should be applied as part of a multi-level, fact and market sensitive inquiry that takes into account:

> 1. *Consumer Perception in the Relevant Market*: Any determination of trade dress distinctiveness properly should consider whether, in a particular market segment, consumers are likely to regard a product's appearance as source significant or merely as a temporal effort to make goods more attractive to buyers. For example, consumers often distinguish between the products offered by competing manufacturers of automobiles and golf clubs based on the design features of those respective products. *See, e.g., Ferrari S.P.A. Esercizio Fabriche Automobili E Corse v. Roberts*, 944 F.2d 1235, 1246 (6th Cir. 1991) ("Ferraris need no labeling; the shape of the vehicles 'says Ferrari.'"); *see also Liquid Glass Enters. v. Porsche AG*, 8 F. Supp. 2d 398 (D.N.J. 1998); *Callaway Golf Co. v. Golf Clean, Inc.*, 915 F. Supp. 1206 (M.D. Fla. 1995). In contrast, however, consumers may regard the design of an inexpensive Grecian-style plastic planter as engendered by cost and salability considerations. *See, e.g., Duraco Prods.*, 40 F.3d at 1452.
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> 2. *The Degree of Uniqueness*: Because consumers are not as ready to regard product appearance as source indicative, a court should not stop the analysis upon finding that a feature of a design is "unique or unusual," *see Seabrook*, 568 F.2d at 1344-1345, but should continue to assess the degree to which a design incorporating unique or unusual elements is striking and memorable or is predominantly ornamental. Courts should consider "whether the design, shape or combination of the elements is so unique, unusual or unexpected in [the] market that one can assume without proof that it will automatically be perceived by customers as an indici[um] of origin." *Krueger*, 915 F. Supp. at 603 (emphasis omitted)

(quoting 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 8.02[4], at 8-23 (1996 ed.)). If unique elements or unique combinations of commonplace elements immediately set a claimant's design apart, such circumstances ordinarily would weigh in favor of a finding of inherent distinctiveness. *See, e.g., Kompan A.S. v. Park Structures, Inc.*, 890 F. Supp. 1167, 1174 (N.D.N.Y. 1995). If, however, the claimed elements or combination of elements are widely used in the industry, such use properly should make a showing of inherent distinctiveness virtually impossible. *See, e.g., EFS Mktg., Inc. v. Russ Berrie & Co.*, 76 F.3d 487, 491 (2d Cir. 1996); *Judith Ripka Designs, Ltd. v. Preville*, 935 F. Supp. 237, 257 (S.D.N.Y. 1997).

3. *The Intent Underlying the Claimed Design*: Absent any intent *a priori*, after-the-fact assertions by trade dress claimants that their product's appearance is inherently distinctive have fared poorly in the courts. *See Duraco Prods.*, 40 F.3d at 1450; *see also Meadowcraft, Inc. v. B.I. Indus.*, 226 U.S.P.Q. 244, 247 (N.D. Ala. 1985); *Major Pool Equip. Co. v. Ideal Pool Corp.*, 203 U.S.P.Q. 577, 583-84 (N.D. Ga. 1979). If a claimant did not itself evidence an intent that a product's design would function as an indicator of origin, it is unlikely that consumers would make the leap. *See, e.g., Banff Ltd. v. Express, Inc.*, 921 F. Supp. 1065, 1071 n.5 (S.D.N.Y. 1995); *In re Kwik Lok Corp.*, 217 U.S.P.Q. 1245, 1248 (T.T.A.B. 1983). Thus, courts properly should consider whether there is an intent to differentiate, as reflected in advertising or otherwise.[25]

[25] As noted in *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 662 (7th Cir. 1995):

> Advertising that touts a product feature for its desirable qualities and not primarily as a way to distinguish the producer's brand is not only not evidence

These considerations, however, are neither mutually exclusive nor individually determinative, and in primarily addressing Samara's intent, the Court of Appeals may have lost focus on the ultimate inquiry. "[R]egardless of the [trade dress owner's] intentions, it is the association, by the *consumer*, of the ... design with [the trade dress owner] as the source that is determinative." *Seabrook*, 568 F.2d at 1345; *see also Plastilite Corp. v. Kassnar Imports*, 508 F.2d 824, 827 (C.C.P.A. 1975) ("[I]t is the association of the [trade dress] with a particular source by the ultimate consumers which is to be measured—not [the claimant's] intent."). Because of the ease with which testimony of intent may be procured, a finding of inherent distinctiveness should not rest merely on statements by a claimant that it meant to differentiate its product from those of competitors.[26] Indeed, because design differentiation may be for the purpose of making goods more salable, an intent to differentiate can never be alone dispositive.

Moreover, a balance must be preserved between competition and product design appropriation. On the one hand, many goods are purchased because of their design *and* be-

> that the feature [is inherently distinctive or] has acquired secondary meaning, it directly undermines such a finding. It supports instead the inference that consumers consider the claimed trade dress a desirable feature of the product and not primarily a signifier of source.

[26] The question is always whether "customers demand [goods] made by the plaintiff rather than merely [goods] of the type plaintiff makes." *Atlantis Silverworks, Inc. v. 7th Sense, Inc.*, 42 U.S.P.Q.2d 1904, 1908-09 (S.D.N.Y. 1997). Intent may thus function as a shield, to blunt attacks that an appearance is inherently common, but it should not function as a sword, as proof, in and of itself, that an appearance is distinctive. As stated in a "likelihood of confusion" context, but with equal relevance to the protection of product appearance, the First Circuit in *Chrysler v. Silva* observed that "intent, or lack thereof, does not affect the eyes of the viewer. Proof of bad intent may, psychologically, hurt as an admission. Proof of good intent does not change appearance." 118 F.3d at 59 n.3 (citation omitted).

cause they come from a particular source, *e.g.*, "for the purpose of acquiring the prestige gained by displaying what many visitors at the customer's homes [or businesses] would regard as a prestigious article." *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-LeCoultre Watches, Inc.* 221 F.2d 464, 466 (2d Cir. 1955). Consumers therefore may not purchase many products in design-sensitive markets unless the exclusivity of a design's association with its producer can be preserved,[27] and firms may not invest in creating designs that are both pleasing and identifying if others may freely copy.[28] Accordingly, competition may be limited if distinctive, source-identifying, product appearances are not afforded trade dress protection or are required, as in *Landscape Forms*, 113 F.3d at 381-82, to be delineated with the precision of patent claims.[29]

On the other hand, as appropriately noted in *Landscape Forms*, 113 F.3d at 380, "granting trade dress protection to an ordinary product design [may] create a monopoly in the goods themselves." Care clearly must be exercised to preserve competitive access to "common basic shape[s]" and "well-known [forms of] ornamentation." *See Seabrook*, 568 F.2d at 1344. There typically are many devices that firms can use to denote origin,[30] and the standard for inherent distinctiveness in product designs should be sufficiently high to preclude impairment of "competitive interests." For the most part, to iterate, protection should be limited to those designs and design combinations that are "so unique, unusual or unexpected" that "one can assume without proof that [they] will automatically be perceived" as source signals. *See Krueger*, 915 F. Supp. at 603.

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[27] David M. Tichane, *The Maturing Doctrine of Post-Sale Confusion*, 85 TRADEMARK REP. 399, 400 (1995).

[28] *See* Landes & Posner, *supra*, 78 TRADEMARK REP. at 271-72.

[29] *See* Dinwoodie, *supra*, 75 N.C.L. REV. at 474 n.8 (observing that "alternative forms of intellectual property protection [have] ... failed to offer adequate protection to product design").

[30] *See, e.g., Versa Prods.*, 50 F.3d at 201.

To illustrate the foregoing, it is submitted that the design of a Rolex watch is inherently distinctive: (i) the design is unique; (ii) the design is capable, apart from the name on the face, of creating a distinct commercial impression; (iii) many consumers are accustomed to differentiating watch sources by their appearance; (iv) the design is memorable; (v) unusual watch designs are normally created to identify source; and (vi) there are both common basic shapes and other source-denoting designs available to competitors.[31] The principal nexus between commerce and appearance is reputational, and the failure to protect such designs would impair competition and confuse consumers.

With respect to wrought iron furniture sold by mass merchants, on the other hand, typically: (i) it incorporates, at best, mere refinements of commonly adopted and well-known ornamentation for that class of goods; (ii) its source is denoted by word marks, not appearance; (iii) consumers at the mass market level are looking for something like their neighbors have, not for a cutting-edge design; (iv) consumers cannot recall design differences even traveling from store to store; (v) appearance is driven by the need to sell four chairs and a table for less than $100; and (vi) only a traditional look will sell in sufficient volume to warrant space on a mass merchant's floor.[32] The principal nexus between commerce and appearance are cost and salability, and the protection of such designs would thus result in a limited monopoly.

Few product design cases can be resolved with the ease suggested by the proffered examples, but INTA submits that focusing on visual uniqueness and memorability, in the context of particular markets, while assuring that salable alternatives are available, will best promote consumer protection and efficient competition.

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[31] *See Rolex Watch U.S.A., Inc. v. Thalmeimer Co.*, 217 U.S.P.Q. 964 (N.D. Cal. 1982).

[32] *See Meadowcraft Inc. v. Compex Int'l Co.*, 47 U.S.P.Q.2d 1665 (N.D. Ga. 1998).

CONCLUSION

Assessments of inherent distinctiveness involve predictions as to consumer reactions. In deciding how consumers are likely to react to words and packages, verbal guidelines have generally proven to be useful. In deciding how consumers are likely to react to product designs, INTA submits that visual guidelines, tempered by the market, are more helpful.

In each instance, the touchstone of protection is the communication and appreciation of a distinguishing, source-identifying message. Merely applying to product appearance the same rules that are applied to words and packaging would distort how consumers in many markets typically perceive the two, and may impair competition in products generally. An excessive concern for competition, on the other hand, by overly precluding the appropriation of designs, can actually impair efficiency, undermine symbols on which consumers rely, and limit consumers' access to products of quality and variety.

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No. 99-150

Supreme Court, U. S.
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IN THE

Supreme Court of the United States

WAL-MART STORES, INC.,

Petitioner,

v.

SAMARA BROTHERS, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF OF PRIVATE LABEL MANUFACTURERS ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF REVERSAL OF THE DECISION BELOW

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QUESTION PRESENTED

This Court, by order dated October 4, 1999, granted certiorari on the following question:

> What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade-dress protection?

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PRELIMINARY STATEMENT

Pursuant to Rule 37 of the Supreme Court Rules, Private Label Manufacturers Association ("PLMA"), with the consent of the parties, submits this brief as *amicus curiae* in support of reversal of the majority decision below (Newman, CJ. dissenting).[1]

INTEREST OF *AMICUS CURIAE*

PLMA is a major trade association representing over 3,200 companies which are involved in the manufacture and distribution of private label or store brand products, *i.e.*, items sold under the retailer's or wholesaler's brand name in supermarkets, drug chains and mass merchandisers throughout the United States. Store brand products include: over-the-counter drugs, health and beauty care items, packaged and processed foods, beverages, snacks, household cleaners, outdoor and leisure products, auto aftercare and a wide range of other general merchandise.

For the fifty-two (52) week period ending December 31, 1998, store brands accounted for $35.4 billion in supermarket sales and 19.9% of supermarket unit sales. At drug chains, store brands accounted for $2.9 billion in sales and 13.4% of unit sales. With respect to mass merchandisers, store brands accounted for $5.0 billion in sales and 11.8% of unit sales. *PLMA's 1999 Private Label Yearbook* at 3 (statistics compiled by Information Resources, Inc.). Overall, private label accounts for over $43 billion in annual sales at

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1. All parties have consented to the filing of this brief by letters filed with the Clerk of the Court. Counsel for PLMA authored this brief in whole and no person or entity, other than PLMA, made a monetary contribution to its preparation or submission.

U.S. supermarkets, drug chains, and mass merchandisers combined — approximately one out of every five products sold is a store brand.

From the consumers' point of view, store brands represent substantial savings for products of comparable or superior quality and performance to the leading national brands. Typical of the savings that consumers enjoyed in 1997 were $1.4 billion for carbonated beverages, $423 million for vitamins, and $339 million for disposable diapers. Purchasers of store brands saved some $15.8 billion in supermarkets, drug chains, and mass merchandisers in 1997. *See PLMA's 1998 Private Label Yearbook* at 10-11 (based on statistics compiled by Information Resources, Inc.).

PLMA has a direct and substantial interest in the preservation of open, competitive markets in which manufacturers may offer consumers quality goods at reasonable prices as an alternative to national branded products. PLMA's *amicus curiae* submission is intended to support innovation in product design and consumer choice and to demonstrate the need for this Court to adopt, in the context of product configuration trade dress, a precise definition of "inherently distinctive," which is consistent with the legislative purpose of Section 43(a) of the Lanham Act and avoids the creation of undesirable and unauthorized monopolies in the guise of "trade dress" over common-place configurations of individual products.

SUMMARY OF ARGUMENT

PLMA submits this *amicus curiae* brief in support of reversal of the majority decision of the Second Circuit Court of Appeals which adopted and misapplied an incorrect definition of "inherent distinctiveness" in concluding that

the commonplace elements found in certain of respondent's products were entitled to trade dress protection in the absence of secondary meaning.

The federal law of unfair competition, codified by Section 43(a) of the Lanham Act, has its roots in the tort of deceit. The law is intended to protect consumers from confusion as to the source of origin of the product. The law of unfair competition is not intended to hinder competition or grant monopoly power.

It is essential that this Court reiterate these well established principles and protect the public interest by preserving the balance between free and fair competition in the marketplace and the limited and carefully circumscribed monopolies inherent in the statutory and judicially mandated protections found in the patent, trademark and copyright laws. The temptation to judicially expand these statutory monopolies on a case by case basis in the lower courts so as to embrace a myriad of statutorily unprotected shapes, forms, sizes and appearances of commonplace products must be recognized and avoided. In product configuration cases where secondary meaning[2] is absent, the formulation of a narrowly phrased definition of "inherently distinctive," an element introduced by this Court in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), is essential so as to settle any split between the circuit courts, reduce the volume of trade dress litigations and provide legal guidance and certainty for manufacturers of competing products.

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2. The term "secondary meaning" is used to refer broadly to the consumer's association of the appearance of a product's trade dress and the product's identity, reputation and goodwill. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 766 n.4 (1992).

The broad reach and potentially anti-competitive effects of the Second Circuit's decision in the case at bar, which applied a vague and imprecise definition of "inherently distinctive" to an entire line of product configurations, underscores the need to adopt a uniform judicial standard for determining whether a specific product configuration not protected by patent or registered copyright or trademark constitutes protectable trade dress, absent secondary meaning.

PLMA, as *amicus curiae*, respectfully submits that there is a significant distinction between labels, packaging and other types of trade dress, which are inherently distinctive and clearly serve as indicators of source of manufacture and constitute protectable trade dress on the one hand and the configuration of the product itself, which oft-times embodies pleasing but commonplace design elements not perceived as an indicator of source of manufacture on the other. Such distinction requires in product configuration cases retention of the rule that secondary meaning must be proven. PLMA also supports this Court's adoption of the Third Circuit's definition of "inherently distinctive" set forth in *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431 (3d Cir. 1994).

ARGUMENT

I.

SECTION 43(a) TRADE DRESS ANALYSIS

A. Lanham Act Section 43(a)

The narrow question on which this Court granted certiorari must be considered in the context of the history

and statutory purpose of the Lanham Act. The tort of unfair competition has been codified in the federal law by Section 43(a) of the Lanham Act, *as amended*, 15 U.S.C. § 1125(a) ("Section 43(a)"). By enacting Section 43(a), which in the words of this Court, "creates a federal remedy for making 'a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same. . . .' Congress has thus given federal recognition to many of the concerns that underlie the state tort of unfair competition. . . ." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 166 (1989). "The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting consumers from confusion as to source." *Bonito Boats*, 489 U.S. at 157; SEN. REP. NO. 1333, 79th Cong., 2d Sess. (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275. This concern is exemplified by the analytical test for trade dress infringement articulated by this Court in *Two Pesos*:

> [U]nder the Lanham Act [§ 43(a)], the ultimate test is whether the public is likely to be deceived or confused by the similarity of the marks. . . . Whether we call the violation infringement, unfair competition or false designation of origin, the test is identical — is there a 'likelihood of confusion?'

505 U.S. 763, 780 (1992) (Stevens, J. concurring).

This Court has continuously reaffirmed Congress' policy, reflected in the trademark, patent and copyright laws, to "promote invention while at the same time preserving free competition." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230-31 (1964); *Bonito Boats*, 489 U.S. at 144; *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

B. The Law Of Trade Dress

1. *Section 43(a) Provides Protection For Trade Dress*

It is well established that trade dress is entitled to protection in the same manner as trademarks pursuant to Lanham Act Section 43(a). As this Court held in *Two Pesos*, 505 U.S. 763 (1992), for trade dress to be entitled to protection: (1) the trade dress must be inherently distinctive or have acquired distinctiveness through secondary meaning, and (2) there must be a showing of likelihood of confusion with defendant's trade dress. This Court made clear in *Two Pesos*, which did not involve product configuration, that "proof of secondary meaning is not required to prevail on a claim under § 43(a) of the Lanham Act where the trade dress at issue is inherently distinctive." 505 U.S. at 776.

2. *Primary Goals Of Trade Dress Protection*

a. *Protection Of Consumers From Confusion*

As discussed above, the ultimate aim of trade dress law is protection of the consumer from confusion, mistake and deception in commerce. 15 U.S.C. § 1125(a); *Bonito Boats*, 489 U.S. at 157; J. THOMAS MCCARTHY, 1 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:8 at 2-15 (4th ed. & Supp. 1999). Trade dress that functions as a source indicator may inform consumers as to different product characteristics, including source, price, quality and type of product. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-65 (1995). Misperceptions as to any of these may result in confusion, and harm the deceived consumers financially, physically or otherwise. *Qualitex*, 514 U.S. at 164-65.

b. *Trade Dress Law Fosters Competition By Avoiding Monopolization And Promoting The Free Flow Of Information And Ideas In The Marketplace*

Unfair competition law is not and was never intended to be used as an anti-competitive device to prevent or handicap new market entrants. *See Publications Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 340 (7th Cir. 1998), *cert. denied*, 119 S. Ct. 1498 (1999); *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 81 (2d Cir. 1990), *cert. denied*, 499 U.S. 976 (1991); *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 978 (2d Cir. 1987); *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 301 (2d Cir. 1917) (Hand, CJ).

Trade dress law generally promotes competition by avoiding monopolization and promoting the free flow of information. *See Qualitex*, 514 U.S. at 168-70; *Sears, Roebuck & Co.*, 376 U.S. at 230-31; *Compco Corp.*, 376 U.S. 234.

Monopolization by a dominant market participant can harm the consumer by increasing costs and limiting product choice and availability. Accordingly, it has long been the rule that established market manufacturers may not use their dominant position in the market to exclude new entrants. *Crescent Tool*, 247 F. at 301. "It is a first principle of trademark law that an owner may not use the mark as a means of excluding competitors from a substantial market." *Wallace Int'l Silversmiths*, 916 F.2d at 81; *Stormy Clime*, 809 F.2d at 978. Trade dress law, therefore, should not be applied so as to permit an entrenched manufacturer to obtain an unfair competitive position by monopolizing a relatively

insignificant alleged trade dress which has not acquired secondary meaning.

In *Bonito Boats*, this Court acknowledged this well established fundamental tenet by, among other things, quoting with approval from Judge Learned Hand's statement in *Crescent Tool*, 247 F. 299:

> [T]he plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy plaintiff's goods slavishly down to the minutest detail: but he may not represent himself as the plaintiff in their sale.

489 U.S. at 157; *Sears, Roebuck & Co.*, 376 U.S. 225; *Compco Corp.*, 376 U.S. 234. Clearly, copying, even "slavish" copying, of trade dress elements by a competitor is permissible so long as the competitor avoids source confusion. *Bonito Boats*, 489 U.S. at 157. "It is not ipso facto 'unfair competition,' . . . for one boldly to copy a competitor's product; it is only 'unfair competition' to trade off another's good will and in the process dupe consumers into mistaking one's products for another's."[3] *Duraco*, 40 F.3d at 1448.

3. Emboldened by this Court's relaxation of the requirement of secondary meaning in *Two Pesos*, numerous litigations have been initiated seeking trade dress protection under the Lanham Act for all manner of products without regard for originality or designation of origin, thereby essentially ignoring the doctrine that copying is permissible so long as the competitor avoids source confusion. *See, e.g., Henri Bendel, Inc. v. Sears, Roebuck & Co.*, 25 F. Supp.2d 198 (S.D.N.Y. 1998) (unsuccessfully claiming competitor's green (Cont'd)

So long as consumer confusion is avoided through labelling, packaging or other designation separate and apart from the product itself, a manufacturer does not offend principles of trade dress law and does not infringe trade dress by offering a product of similar appearance. Consumers benefit from the availability of the alternative products and having product equivalency information at a glance; consumers, for example, know that a store brand product is produced by a party other than a recognized national brand. *Conopco, Inc. v. May Dep't Stores Co.*, 46 F.3d 1556 (Fed. Cir. 1994), *cert. denied*, 514 U.S. 1078 (1995); *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033 (2d Cir. 1992); *American Home Prods. v. Barr Lab.*, 656 F. Supp. 1058 (D.N.J.), *aff'd*, 834 F.2d 368 (3d Cir. 1987). In addition to fostering consumer choice and price savings, this "information exchange" decreases shopping time, provides information about significant characteristics of competing products, and advances the societal interest in providing full information to consumers. *Weight Watchers Int'l, Inc. v. Stouffer Corp.*, 744 F. Supp. 1259, 1277 (S.D.N.Y. 1990) (quoting *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm. of New York*, 447 U.S. 557, 561-62 (1980)). It is clear that both the anti-monopoly and educational aims of trade dress law are enhanced by vigorous competition between competing manufacturers and likewise diminished by an unwarranted judicial expansion of the definition of

(Cont'd)
and white cosmetics bag infringed on its brown and white cosmetics bag); *Sports Traveler, Inc. v. Advance Magazine Publishers, Inc.*, 25 F. Supp.2d 154, 163 (S.D.N.Y. 1998) (seeking protection for magazine cover); *Herman Miller, Inc. v. Palazzetti Imports & Exports, Inc.*, 998 F. Supp. 757 (E.D. Mich. 1998) (seeking protection for shape of lounge chair and ottoman). The economic burden of such litigation is ultimately reflected in the costs of the product and borne by the consumer, and hence impacts on the public interest.

"inherently distinctive" as exemplified by the majority decision below.

II.

PRODUCT CONFIGURATION TRADE DRESS IS LESS LIKELY TO BE AN INDICATOR OF SOURCE THAN OTHER TYPES OF TRADE DRESS AND ACCORDINGLY SHOULD BE SUBJECT TO A STRICTER STANDARD FOR ACHIEVING TRADE DRESS PROTECTION

A. Product Configurations Distinguished

Trade dress protection may be extended to the non-functional characteristics of a product's configuration. *See, e.g., I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998); *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 663-64 (7th Cir. 1995), *cert. denied*, 516 U.S. 1159 (1996); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516-17 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 16 (1995). Product configurations are fundamentally different, however, from other types of trade dress, such as labelling and packaging. *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 377-78 (2d Cir. 1997); *Duraco Prods., Inc. v. Joy Plastic Enter., Ltd.*, 40 F.3d at 1431, 1433-34 (3d Cir. 1994).

For example, since the vast majority of private label purchases are on-the-spot decisions, consumers often rely on a product's configuration to identify the category or function of the product. Pleasing or educative product configurations are often referred to as "aesthetically functional" configurations and, like other functional trade

dress, are not entitled to trade dress protection. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 170 (1995) ("The 'ultimate test of aesthetic functionality,' . . . 'is whether the recognition of trademark rights would significantly hinder competition.' ").

Any product configuration which is not intended to and does not attempt to identify the source of manufacture or designation of origin of the product should not be entitled to trade dress protection. *Duraco*, 40 F.3d at 1448-49; *Winner Int'l LLC v. Omori Enter., Inc.*, 60 F. Supp.2d 62, 66 (E.D.N.Y. 1999). For example, a manufacturer of dry cereals who chooses to market a round corn flake should not be heard to complain if a competitor does likewise, assuming the existence of packaging and labelling accurately denoting source of manufacture and the absence of secondary meaning. It is highly unlikely that a round corn flake will be intended or understood by the consumer to denote source of origin. To provide trade dress protection in such a case would be to improperly grant monopoly power to a single enterprise and impair competition and the public interest.

As the Second Circuit noted in *EFS Marketing, Inc. v. Russ Berrie & Co.*:

> [P]roduct-configuration trade dresses are less likely than packaging-configuration dresses to serve the source-identification function that is a prerequisite to Lanham Act protection. We recognized that consumers do not associate the design of a product with a particular manufacturer as readily as they do a trademark or a product-packaging trade dress. They are more likely to be attracted to the product for the product's features,

> rather than for the source-identifying role the features might play.

76 F.3d 487, 491 (2d Cir. 1996). The Third Circuit in *Duraco* reached a similar conclusion:

> [U]nlike packaging, a product configuration differs fundamentally from a product's trademark, insofar as it is not a symbol according to which one can relate the signifier (the trademark or perhaps the packaging) to the signified (the product).

Duraco, 40 F.3d at 1440.

Accordingly, when addressing product configurations, courts must bear this distinction in mind and be vigilant to ensure that competition is protected and the purpose and intent of trade dress law is upheld. As the Third Circuit held in *Versa Products, Co. v. Bifold Co. (Manufacturing) Ltd.*:

> Where product configurations are concerned, we must be especially wary of undermining competition. Competitors have broad rights to copy successful product designs when those designs are not protected by (utility or design) patents. It is not unfair competition for someone to trade off the goodwill of a product . . . it is only unfair to deceive consumers as to the origin of one's goods and thereby trade off the good will of a prior producer.

50 F.3d 189, 207 (3d Cir.), *cert. denied*, 516 U.S. 808 (1995). Some of the circuit courts have held that plaintiffs must meet a higher standard of establishing entitlement to trade dress

protection of product configurations. *E.g.*, *Thomas & Betts Corp.*, 65 F.3d 654; *Duraco*, 40 F.3d at 1447. When considering "product configuration:"

> A proper approach to inherent distinctiveness must distinguish between nonfunctional but desirable designs — which, absent secondary meaning, unfair competition law has no interest in precluding others from copying — and nonfunctional designs representing to consumers the source of the goods — which unfair competition law does and should forbid others from copying.

Duraco, 40 F.3d at 1448.

A prior Second Circuit panel has correctly recognized that:

> Since trademark protection extends for an unlimited period, expansive trade dress protection for the design of products would prevent some functional [or descriptive] products from enriching the public domain. This threat is particularly great when . . . a first manufacturer seeks broad trade dress protection for a product on the ground that its . . . features . . . [are] distinctive.

Stormy Clime Ltd. v. ProGroup, Inc., 809 F.2d at 971, 978 (2d Cir. 1987).

The adoption of an overly expansive definition of "inherently distinctive" product configurations is contrary to the public interest and will improperly grant monopoly

protection to product configurations which are not intended to identify the source of origin and which have not acquired secondary meaning. Such monopolies are contrary to the legislative purpose and intent of trade dress law, will stifle competition and undermine the ability of competitors to inform consumers of the category or function of the product.

B. The Proper Test For Product Configurations

Any definition of protectable trade dress with regard to product configurations must reflect the foregoing concerns and provide a clear guideline under which competitors can innovate, design and market their products. Such definition must protect the balance between innovation and competition sought by Congress.[4] The absence of such definition or the continuation of a vague definition which invites misapplication to the facts of a particular case threatens to provide unreasonable and unlimited Section 43(a) protection for every ostensibly new shape, appearance or image of a product, and, arguably, for every new combination of commonplace elements embodied in a trade dress when taken as a whole. Virtually any commonplace product in the supermarket or neighborhood drug store could be a candidate for a trade dress protection claim.

The most effective method of evaluating product configurations to ensure open competition and to protect

4. *Stormy Clime*, 809 F.2d at 978 ("courts must be sensitive to whether a grant of trade dress protection would close all avenues to a market that is otherwise open in the absence of a valid patent"); *Esercizio v. Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992).

consumers is to require a finding of secondary meaning.[5] Inasmuch as product configuration rarely operates as a designator of origin and appropriate labelling and packaging can be counted on to serve such function, innovation will be hampered minimally, if at all, by requiring proof of secondary meaning as a prerequisite to granting trade dress protection to a product configuration. Such a burden is far outweighed by the benefits to competition and consumers which will result from requiring a showing of secondary meaning in product configuration cases. Reaffirmation of the secondary meaning requirement will properly prevent the inappropriate grant of monopoly power to product configurations which do not operate as designators of origin.

If, however, this Court elects to extend *Two Pesos* to the instant product configuration case, a determination which PLMA vigorously opposes, it is imperative that this Court adopt a narrow and concise definition of "inherently distinctive" such as the definition articulated by the Third Circuit in *Duraco*.

5. Such a requirement does not conflict with this Court's holding in *Two Pesos* because such holding was with respect to product packaging and did not address the unique elements of product configuration outlined above. It would be a leap for this Court to now expand the law of trade dress to protect product configurations like the ones at bar which are integral parts of the products and reflect little or no innovation.

III.

THIS COURT SHOULD ADOPT THE *DURACO* TEST FOR INHERENT DISTINCTIVENESS

In *Duraco*, the Third Circuit held that to be inherently distinctive, a product configuration must be:

> (1) unusual and memorable; (2) conceptually separable from the product; and (3) likely to serve primarily as a designator of origin of the product.

40 F.3d 1431, 1448-49 (3d Cir. 1994).

In *Duraco*, plaintiff's most profitable products were planters shaped like grecian urns. *Id.* at 1434. Although constructed of plastic, plaintiff maintained that the key to the success of the was "that a careful combination of ornamental features creates in them [the planters] the illusion of marble, cement, or stone construction." *Id.* at 1434.

Defendant was one of several manufacturers which competed with plaintiff in the "plastic planter market." *Id.* at 1435. Defendant began production of the "ultimate urn" which was "strikingly similar in appearance" to plaintiff's grecian urns. *Id.* The record evidence established differences in quality, capacity and center of gravity. *Id.*

Upon learning of defendant's competing planters, plaintiff brought suit claiming "the total composition of all the elements of its urns' configuration, including the rim, the finish, the joining of the top and bottom halves, and the color" constituted trade dress entitled to protection by the patent and trademark laws. *Id.*

In holding that the plaintiff's planters were not inherently distinctive, the Third Circuit properly recognized that pursuant to the facts, the court was dealing "exclusively with trade dress said to inhere in the product itself, rather than trade dress alleged in a product's packaging." *Id.* at 1439. In choosing to apply a three-prong definition, the Third Circuit concluded that such definition embodied the "proper set of circumstances for treating a product configuration as inherently distinctive." *Id.* at 1448. Specifically, the Third Circuit stated:

> These circumstances are characterized by a high probability that a product configuration serves a virtually exclusively identifying function for consumers — where the concerns over "theft" of an identifying feature or combination or arrangement of features and the cost to an enterprise of gaining and proving secondary meaning outweigh concerns over inhibiting competition, and where consumers are especially likely to perceive a connection between the product's configuration and its source.

Id.

An understanding of the *Duraco* definition requires analysis of each of its constituent elements. At its heart, each of the prongs seeks to ensure that the alleged trade dress will be protected only when the product configuration is recognized and functions as a designation of origin, the fundamental rationale of trade dress law. In the event a product's configuration does not meet each of the required three prongs of the Third Circuit's definition of "inherently distinctive," it is unlikely that consumers will identify the

product's configuration with the source of the product. Absent such identification, as discussed above, the product's configuration should not be entitled to trade dress protection.

A. Prong One: Unusual And Memorable

The unassailable starting point is an inquiry as to whether the alleged trade dress is "unusual and memorable," *i.e.*, whether the configuration evidences uniqueness and a high degree of creativity. The purpose of the "unusual and memorable" prong of the definition is to ensure that the product configuration has "the capacity to distinguish goods in a consumer's mind — the first prerequisite for inherent distinctiveness." *Duraco*, 40 F.3d at 1449. The product configuration "must partake of a unique, individualized appearance, so that a consumer informed of all the options available in the market could reasonably rely on it to identify a source." *Id.* Clearly, commonplace configurations and many combinations of otherwise commonplace configurations are so lacking in uniqueness that they would fail to satisfy this element.

B. Prong Two: Conceptually Separable From The Product

A product configuration must also be "conceptually separable from the product" to be inherently distinctive and entitled to trade dress protection. *Duraco*, 40 F.3d at 1448. This requirement is necessary to ensure that consumers "recognize its [the product's] symbolic (signifying) character." *Id.* at 1449. Prong two thus requires product configurations which have not yet acquired secondary meaning to nonetheless be "recognizable by the consumer 'as an indicium of source, rather than a decorative symbol

or pattern. . . .' " *Id.* In explaining its rationale for this prong, the Third Circuit stated:

> As with trademarks, an inherently protectable product configuration must, at least conceptually, be "something other than, and separate from, the merchandise." *Davis v. Davis*, 27 F. 490, 492 (C.C. Mass. 1886). That is, the configuration for which protection is sought must not appear to the consumer as a mere component, or the essence, of the product gestalt, but rather must appear as something attached (in a conceptual sense) to function in actuality as a source designator — it must appear to the consumer to act as an independent signifier of origin rather than as a component of the good.

Id. at 1449-50 (citations omitted). In essence, the element of the product configuration claimed to constitute protectible trade dress must be separate and apart from the product itself, thus giving reasonable assurance that, like packaging or labelling, the elements of the configuration are distinct from the product and function as an identifier of source. This prong of the definition also serves to assure that features of the product configuration which are aesthetically functional remain outside the scope of protectable trade dress. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 170 (1995); *Publications Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 339-42 (7th Cir. 1998); *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 171 (2d Cir. 1991); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17, Comment c, at 175-76 (1995).

In *Duraco*, for example, the Third Circuit held that plaintiff's product configuration was not separable from the product itself and therefore failed the second-prong of the

"inherently distinctive definition." "[T]he features of the Grecian Classics for which Duraco seeks protection are designed to achieve the goal of having the planter appear as if constructed of marble or stone, and thus constitute part and parcel of the overall product." *Duraco*, 40 F.3d at 1452.

C. Prong Three: Likely To Serve Primarily As A Designator Of Origin Of The Product

This prong quite correctly requires that to be inherently distinctive a product configuration must be likely to serve to identify the source of the product. *Duraco*, 40 F.3d at 1450. In the words of the Third Circuit:

> If the configuration itself, separate from the product, is likely to serve some substantial purpose other than as a designation of origin — that is, besides to set it apart from other sources' products in consumers' minds — then it cannot be inherently distinctive, but must acquire secondary meaning before becoming entitled to protection against copying.

Id.

This prong differs from the concept of secondary meaning in that it does not focus on consumers' actual mental associations between the product and source of origin, but instead "focuses on whether a consumer would likely perceive the feature or combination or arrangement of features as something that renders the product intrinsically more desirable regardless of the source of the product, or primarily as a signifier of the product's source." *Id.* To allow trade dress protection of product configurations which did not meet this test solely because the "configuration is pleasant

rather than because it identifies the source of the product would risk seriously transgressing the protective zones mapped by the patent laws." *Id.*

In sum, the three prong definition formulated by the Third Circuit is consistent with fundamental principles of trade dress law and best accomplishes the balance sought by Congress between encouraging innovation and protecting an innovator's good will on the one hand and promoting and protecting market competition and consumer well-being on the other.

IV.

THE SECOND CIRCUIT APPLIED AN INCORRECT TEST FOR INHERENT DISTINCTIVENESS AND IN ANY EVENT MISAPPLIED THE DEFINITION TO THE FACTS OF THE CASE

The majority opinion below is in error because the two-judge majority applied an overly broad definition of "inherently distinctive" to the facts, a definition which clearly was not authorized or suggested by *Two Pesos* or any other decision of this Court. The Second Circuit appears to limit its inquiry into whether a product configuration is "inherently distinctive" to only the issue of "whether the design was likely to be understood as an indicator of the product's source." *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378 (2d Cir. 1997); *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996, 1008 (2d Cir. 1995).

Prior Second Circuit opinions have acknowledged the need for a higher standard in product configuration cases than in traditional trade dress cases. *Landscape Forms*, 113 F.3d at 378; *Knitwaves*, 71 F.3d at 1008. Unfortunately,

however, the unspecific nature and the limited inquiry suggested by the Second Circuit's definition of "inherently distinctive" is prone to lead to a misapplication of the definition to the particular facts and to the unwarranted granting of trade dress protection, as in the case at bar.

The limited nature of the inquiry suggested by the Second Circuit's definition falls short of that employed by the Third Circuit in *Duraco*. Among other things, the Second Circuit formulation: (a) omits the important focus on uniqueness of the configuration, (b) does not address the distinction between the product and its dress, and (c) is vague in its articulation of the element of consumer perception. The absence of specificity and focus virtually assures that the Second Circuit test of "inherently distinctive" trade dress will create additional litigation and leave unresolved the uncertainties now confronted by competing manufacturers under the present unsettled state of federal law.[6]

It is important to note that protectable trade dress carries with it no registration requirement or other public notice of ownership. There is no regulatory mechanism for an initial determination of the distinctiveness (or lack thereof) of a product's trade dress. A competitive entrant into a market has no ability to ascertain whether any unregistered product design or image is or is not in the public domain and no opportunity to modify or alter his design to avoid a later

6. The Second Circuit's inability to apply its own test is apparent from the split decision in the case at bar. After reviewing the same facts and applying the same standard of law, the three judge panel was unable to reach a unanimous conclusion as to how the facts applied to the law, as evidenced by the dissenting opinion of Judge Newman. *See generally Samara Bros., Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120 (2d Cir. 1998) (Newman, CJ. dissenting).

claim of trade dress infringement. The need for a clear definition which takes note of the complexities of the problem and the interests of consumers and competitors is manifest. The *Duraco* definition appears to best address these issues.

Application of the *Duraco* definition to the facts at bar shows that the alleged trade dress herein is not inherently distinctive and should not be afforded trade dress protection. Samara dresses are not likely to be deemed "unusual and memorable." Seersucker fabrics in clothing are hardly unique. Appliques are not novel to the children's clothing industry. Every day symbols such as strawberries and trains are in no way unusual in children's clothing styles.

Moreover, the alleged product configuration does not appear to be separate from the product itself. The product is a child's dress. While the alleged trade dress may make the product more appealing, there is no evidence that the "look" was meant to identify source of origin. *Samara Bros., Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120, 127-28 (2d Cir. 1998). Samara's product configuration not being separable from the product itself should not be entitled to trade dress protection absent proof of secondary meaning. *Duraco Prods., Inc. v. Joy Plastic Enter., Ltd.*, 40 F.3d 1431, 1448-50 (3d Cir. 1994).

V.

THE NEED FOR A STRICT STANDARD IN PRODUCT CONFIGURATION CASES IS MORE ACUTE WHEN TRADE DRESS PROTECTION IS SOUGHT FOR AN ENTIRE PRODUCT LINE

The need for a narrow definition of inherently distinctive product configurations becomes even more acute when

considering a claim for trade dress protection not for a specific product but for an entire "product line," including products which do not embody the specific elements claimed as protectable trade dress. Courts have recognized the additional concerns of extending protection from one product configuration to an entire line of related product configurations. *See Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378 (2d Cir. 1997); *Regal Jewelry Co. v. Kingsbridge Int'l, Inc.*, 999 F. Supp. 477, 486 (S.D.N.Y. 1998). As noted by the Second Circuit:

> [A plaintiff] seeking to protect a series or line of products faces a particularly difficult challenge of showing that the appearance of its several products is sufficiently distinct and unique to merit protection as a recognizable trade dress. . . . Accordingly, when protection is sought for an entire line of products, our concern for protecting competition is acute.

Landscape Forms, 113 F.3d at 380 (cited with approval in the dissenting opinion of Judge Newman in the case at bar); *Rose Art Indus., Inc. v. Raymond Geddes and Co.*, 31 F. Supp.2d 367, 373 (D.N.J. 1998). Trade dress protection should be granted to product lines in only extreme cases. *Landscape Forms*, 113 F.3d at 380.

Adoption of the *Duraco* definition of "inherent distinctiveness" will permit the lower courts to focus on the relevant issues underlying a claim for protection of the trade dress of a particular product configuration, and avoid the inexact factual analysis reflected in the majority decision below.

CONCLUSION

For each of the foregoing reasons, this Court should reverse the Second Circuit's determination below, reiterate the need for secondary meaning where trade dress protection is sought for a specific product configuration, and adopt the definition of "inherent distinctiveness" contained in the Third Circuit's opinion in *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431 (3d Cir. 1994).

Respectfully submitted,

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SAMARA BROTHERS, INC.,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

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BRIEF AMICUS CURIAE OF PAYLESS SHOESOURCE, INC. IN SUPPORT OF PETITIONER

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BRIEF AMICUS CURIAE OF PAYLESS SHOESOURCE, INC. IN SUPPORT OF PETITIONER

Payless ShoeSource, Inc., as amicus curiae, respectfully submits this brief in support of Petitioner Wal-Mart Stores, Inc. pursuant to Rule 37.3 of the Supreme Court Rules. By letters filed with the Clerk of the Court, the parties have consented to the filing of this brief.[1]

INTEREST OF AMICUS CURIAE

Founded in 1956, Payless ShoeSource is America's largest family footwear retailer. Operating through more

[1] Pursuant to Supreme Court Rule 37.6, amicus curiae Payless ShoeSource, Inc. states that no counsel for a party in this case authored this brief in whole or in part, and no person or entity other than the amicus curiae made a monetary contribution to the preparation or submission of this brief.

than 4300 self-service stores nationwide and beyond, Payless ShoeSource sells low- and medium-priced quality shoes, handbags and hosiery bearing private brand labels of Payless ShoeSource. The mission of Payless ShoeSource is to provide affordable, fashionable, quality shoes to its customers. Payless ShoeSource sold more than 200 million pairs of shoes to nearly 150 million customers in 1998, with sales for the year totaling $2.62 billion.

Consumer choice regarding shoes and other fashion items is strongly influenced by the appearance, the style, or the "look" of the merchandise. Therefore, the Second Circuit's decision in this case granting trade dress protection based merely on the "look" of apparel could significantly impede the ability of Payless ShoeSource and others serving the value-oriented footwear market to satisfy customer demands and to compete effectively in the marketplace. The Court's decision in this case will, in all likelihood, estabilsh a legal framework affecting the daily business operations of Payless ShoeSource and other companies that cater to consumer desires in style and fashion trends. For this reason, Payless ShoeSource submits this amicus brief to assist the Court in understanding the practical concerns and competitive factors at stake in this case.

SUMMARY OF ARGUMENT

The law regarding inherent distinctiveness, as applied to trade dress in the form of product design, is currently in disarray. There is disagreement regarding the definition of inherent distinctiveness as well as the scope of that definition. Some courts and commentators suggest product designs must be tested against a separate definition of inherent distinctiveness, while others assert a single test should apply to all types of trade dress. This lack of clarity has obscured the overarching concept that is intrinsic to all trademark law developed over many decades,

namely that for purposes of evaluating trademark protectibility under trade dress law, a symbol's source indicativeness and product descriptiveness (or, in other words, its informativeness) are inversely correlated. This critical concept has been lost due to an overzealous concern for the protection of an article's novelty and originality. In such an environment, trade dress principles are highly subject to abuse for anticompetitive purposes, thereby limiting consumer choice.

The first step in resolving the issue before this Court is to reexamine bedrock principles granting and limiting protection of intellectual property. The Lanham Act, which is at issue here, was intended to promote use of and protect source indicating marks, thereby reducing the potential for customer confusion as to product source. In contrast, the patent laws grant proprietary rights of limited duration in designs meeting certain stringent substantive and procedural criteria designed to guarantee that monopoly-like rights are granted only to protect those subjects that meet the requirements of novelty and nonobviousness. In this manner, the patent laws encourage and reward innovation in either utilitarian or ornamental designs. Unless these fundamental distinctions are enforced, overbroad Lanham Act protection for product designs will lead to monopoly-like protection for product designs unfettered by the temporal limitations and safeguards inherent in patent law.

Any test for inherent distinctiveness of product design must protect only source indicativeness without unduly hindering competition. Trade dress protection for product design presents special problems because, unlike word trademarks, product design rarely serves primarily or solely as a source identifier. Instead, product design usually informs the consumer about the product's utilitarian functions and serves aesthetic purposes that enhance the

product's appeal. The Court's decision in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), appears to acknowledge the distinction between trademarks, labels, and packaging on one hand and product design on the other; the Court should likewise accommodate the distinction in defining inherent distinctiveness for product design. Such a distinction is especially important in those industries, such as the apparel industry, where product design plays a central role in competition and customer preference. Moreover, any definition of inherent distinctiveness for product design must not chill competition by granting overbroad and unlimited proprietary protection for product designs that do not meet the rigorous standards for patent protection.

This Court should adopt a test for inherent distinctiveness of product design that begins with the first two elements of the test announced by the Third Circuit in *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431 (3d Cir. 1994), namely that the design be (i) unusual and memorable and (ii) conceptually separable from the product. The third *Duraco* element (likely to serve as a designator of product origin) is vulnerable to manipulation because it focuses on the source's intent in adopting a particular design or configuration. It also does not well serve the organizing principle that source indicativeness and product descriptiveness are inversely correlated. The third element should be replaced with a more objective standard that defines source indicativeness as inversely correlated to an enhanced concept of "distinctiveness"—the design's perceptual informativeness about the product. This approach is adapted from the well-established *Abercrombie* test for word-based marks (thereby providing precedential continuity) and also accommodates the fact that product design usually conveys considerable information about the characteristics of the product. Only in those relatively rare cases where a

product design is perceptually *un*informative about the product would the design be deemed to serve primarily as a designator of product source entitled to Lanham Act protection.

ARGUMENT

I. UNCERTAINTY REGARDING THE CONTOURS OF TRADE DRESS PROTECTION FOR PRODUCT DESIGN ADVERSELY AFFECTS COMPETITION AND CONSUMER CHOICE

In *Two Pesos, Inc. v. Taco Cabana, Inc.*, 502 U.S. 1071 (1992), the Court held that inherently distinctive restaurant decor is protectible trade dress under § 43(a) of the Lanham Act without a showing of secondary meaning. The posture of *Two Pesos* did not require the Court to enunciate a definiton for inherent distinctiveness. Now before the Court is the question of inherent distinctiveness, specifically limited to trade dress in the form of product design.[2]

---

[2] Some courts and commentators have questioned whether this Court's holding in *Two Pesos* even applies to product configuration claims. *See, e.g., Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1445 (3d Cir. 1994) (stating that *Two Pesos* "did not define what makes trade dress inherently distinctive and . . . did not decide whether a product configuration could ever be inherently distinctive"); Chad M. Smith, *Undressing Abercrombie: Defining When Trade Dress Is Inherently Distinctive*, 80 J. Pat. & Trademark Off. Soc'y 401, 409-10 (1997) (indicating that it is possible to interpret *Two Pesos* as not holding that the *Abercrombie* factors must be used when analyzing trade dress); Glenn Mitchell & Rose Auslander, *Trade Dress Protection: Will a Statutorily Unified Standard Result in a Functionally Superior Solution?*, 88 Trademark Rep. 472, 480 (1998) (stating that *Two Pesos* did not decide what test to use to determine whether trade dress is inherently distinctive). Under this view, the real issue before this Court is whether product designs can ever be inherently distinctive so as to gain protection under the Lanham Act, and if so, what test of inherent distinctiveness should be applied.

The years since *Two Pesos* have seen extensive debate and divergent views on the concept of inherent distinctiveness in product design. The courts of appeals have suggested various tests and factors, some more and some less protective of product design or configuration. For example, in *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431 (3d Cir. 1994), the Third Circuit announced that trade dress protection for product configuration would require a showing that it was unusual or memorable, conceptually separable from the product, and likely to serve primarily as a designator of origin. *Id.* at 1448-50. In contrast, the Eighth Circuit in *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780 (8th Cir. 1995), treated product configuration as analytically indistinguishable from packaging or trademarks for purposes of trade dress; the court simply adopted for all types of trade dress the classification for trademarks that originated in *Abercrombe & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976). *Stuart Hall*, 51 F.3d at 785. Even prior to *Two Pesos*, in *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977), the court adopted a test that focuses on whether a product design is "unique or unusual in a particular field" or instead is "a mere refinement of a commonly-adapted and well-known form of ornamentation for a particular class of goods." *Id.* at 1344. The *Seabrook* test has been criticized for, among other things, its propensity to protect trade dress simply because it is different than any other previous trade dress. *See, e.g.*, Glenn Mitchell & Rose Auslander, *Trade Dress Protection: Will a Statutorily Unified Standard Result in a Functionally Superior Solution?*, 88 Trademark Rep. 472, 489 (1998).

As demonstrated by the instant case, divergent views have emerged even within the confines of a single circuit. In several cases the Second Circuit treated product con-

figuration as distinct from packaging and repeatedly rejected trade dress claims for product configuration. *See, e.g., EFS Marketing, Inc. v. Russ Berrie & Co.*, 76 F.3d 487 (2d Cir. 1996); *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996 (2d Cir. 1995). By contrast, the Second Circuit in this case granted trade dress protection to an assortment of ordinary clothing design features, such as seersucker fabric, big collars, and appliques.

The years since *Two Pesos* have also seen vigorous debate among the commentators, many of them critical of excessive trade dress protection for product configuration. *See, e.g.*, Bradley K. Groff, *Bare-Fisted Competition or Palming Off? Protection of Product Design as Trade Dress Under the Lanham Act*, 23 AIPLA Q.J. 65 (1995) (product design is best protected under patent laws, if at all); Willajeanne F. McLean, *Opening Another Can of Worms: Protecting Product Configuration as Trade Dress*, 66 U. Cin. L. Rev. 119 (1997) (discussing numerous problems with unregistered trade dress protection for product configuration); Chad M. Smith, *Undressing Abercrombie: Defining When Trade Dress Is Inherently Distinctive*, 80 J. Pat. & Trademark Off. Soc'y 401 (1997) (arguing that *Abercrombie* factors developed for use with word-based trademarks do not serve the analytical needs of trade dress in other contexts).

For Payless ShoeSource, the debate is anything but academic. Consumer preferences and fashion trends are driving forces in its product development, distribution and marketing. Payless ShoeSource must make business decisions daily that involve the interpretation of validated style for the value-conscious consumer. As part of this process, Payless ShoeSource and other retailers of fashion-conscious products must contend with those who seek to stifle price competition in the marketplace through threat-

ening conduct involving assertion of trade dress protection for articles that either fall in the grey area or should be found to be unprotectible. The uncertainty created here casts a great chill on the competitive environment.

Unfortunately, the tests applied by the circuits today do not provide clear guidance or a predictable answer on whether a particular product design enjoys trade dress protection. For example, the *Abercrombie* factors in their present form provide no useful guidance in determining if a product configuration is inherently distinctive; however, *Abercrombie* does recognize that the concepts of source indicativeness and product descriptiveness are inversely correlated, but this principle seems to have been obscured in recent years. *See* Section IV, *infra*. Likewise, if anything resembling the Second Circuit's undefinable standard or the *Seabrook* test for product configuration trade dress is adopted by this Court, there is great potential for mischief in the marketplace—particularly in those industries where prevailing trends in style, fashion and aesthetics define the boundaries of the competitive field. The threat of trade dress protection for a "style" or "look," because of its lack of definition, will chill competition and foster increased litigation or threats of litigation as a competitive tool. It will be difficult to determine what is protectible, and protection will likely be asserted where it has traditionally been unavailable. In such an environment, producers of product designs need not undertake the burden of securing the protection afforded by the patent laws, which might clearly define the features of the design that are subject to protection—but would also more clearly define what is not protected. Rather, the clever producer would eschew appropriate protection under the patent laws and unfairly rely on the ambiguities of the Lanham Act to oppress potential competitors.

We ask this Court to bring order and predictability rather than chaos and uncertainty to the law of product configuration trade dress. Given the disarray among the precedents and the often problematic extension of legal doctrines beyond their origins, the Court should begin to resolve this case by returning to a few bedrock principles governing the protection of intellectual property.

II. TRADE DRESS PROTECTION FOR PRODUCT DESIGN MUST REST ON BEDROCK PRINCIPLES GOVERNING AND LIMITING THE PROTECTION OF INTELLECTUAL PROPERTY

The protection offered to trademarks, trade dress and other types of intellectual property has been molded by the courts and Congress with reference to certain fundamental principles. Because many of these principles apply with special force with respect to product design or configuration, any rule involving designs should be carefully fashioned to follow such principles. As one commentator in this field has stated, "a legal rule should track the policies it endeavors to serve. Thus . . . properly understanding the relevant policies will point to the proper rule." Chad M. Smith, *Undressing Abercrombie: Defining When Trade Dress Is Inherently Distinctive*, 80 J. Pat. & Trademark Off. Soc'y 401, 404 (1998).

The protection of product designs and configurations, unlike word and design marks and even packaging, frequently implicates the three areas of law for protection of intellectual property—patent, copyright and trademark. In order to fashion a workable rule to determine if and when a product design or configuration is inherently distinctive, therefore, it is necessary to understand the policies behind these three schemes and how they interact with one another.

A. The Lanham Act Prevents Consumer Confusion by Protecting the Source-Distinguishing Ability of Marks

The Lanham Act, adopted in 1946, provides protection in § 43(a) against the use of "any word, term, name, symbol, or device" that "is likely to cause confusion, or to cause mistake, or to deceive" as to the source of the product. 15 U.S.C. § 1125(a). Commentators and courts have identified several principles that are promoted by § 43(a) of the Lanham Act.

This Court previously has stated that "the Act's purpose [is] to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992). As noted by this Court in *Qualitex Co. v. Jacobsen Products Co.*, 514 U.S. 159 (1995), "trademark law, by preventing others from copying a source identifying mark, 'reduce[s] the customer's costs of shopping and making purchasing decisions,' . . . for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past." *Id.* at 163-64 (quoting 1 McCarthy on Trademarks and Unfair Competition § 2:01[2], pp. 2-3 (3d ed. 1994)). In addition, trademark law encourages producers to provide quality goods and fosters competition among producers. *Qualitex*, 514 U.S. at 164. "It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word or sign—that permits it to serve these basic purposes." *Id.* By protecting the ability of consumers to easily distinguish between competing producers, the Act allows producers to "reap the financial, reputation-related rewards associated with a desirable product." *Id.*

The Act accomplishes these goals by protecting the "source-distinguishing ability of a mark." *Id.* A mark—whether word, design or dress—does not assist consumers to easily distinguish between competing producers if it does not readily identify the source of the producer of the good or service. The Act, therefore, only protects marks to the extent "as is necessary to prevent consumer confusion as to who produced the goods." *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980). Because the Act protects the source-distinguishing ability of marks only, the Act "does not forbid copying; it forbids conduct likely to confuse consumers about source or sponsorship." Robert C. Denicola, *Freedom to Copy*, 108 Yale L.J. 1661, 1673 (1999) (citing Ralph S. Brown, *Design Protection: An Overview*, 34 UCLA L. Rev. 1341, 1374 (1987)). Consistent with this fundamental purpose, a symbol's protectibility as a trademark is directly linked to its function as an indicator of source and inversely correlated to its function as a product descriptor. *See* Smith, *supra*, at 419-22.

B. The Patent and Copyright Acts Serve Other Purposes

In this manner, the Lanham Act differs markedly from the Patent Act, 35 U.S.C. §§ 101-376, and the Copyright Act, 17 U.S.C. §§ 101-810. Both the Patent and the Copyright Acts aim to protect designs from copying, if such designs meet certain criteria. The difference in purpose is most apparent when the Lanham Act is applied to product design or configuration features. Such features, by their very nature, are part of and inseparable from a tangible product and often serve an ornamental, aesthetic or utilitarian purpose. *See* Smith, *supra*, at 428; Grameme B. Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 North Carolina L. Rev. 471, 602 (1997) (noting that in the marketplace, product

designs often serve aesthetic or utilitarian purposes as well as function as source identifiers); *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008 (2d Cir. 1995) (stating that product features or designs cannot be presumed to serve a source-identifying function because their "primary purposes are likely to be functional or aesthetic"). Thus, the features may qualify for some protection under the patent or copyright systems. Consequently, when producers seek Lanham Act protection for product designs, the policies behind the Patent and Copyright Acts frequently conflict with those behind the Lanham Act. *See* 1 McCarthy on Trademarks and Unfair Competition § 6:10 (4th ed. 1996).

The Patent Act serves to encourage and reward innovation of either utilitarian or ornamental designs while simultaneously ensuring that proprietary rights are only granted for a limited time to those whose inventions meet the stringent requirements for patent protection. *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979); *see also* Melissa R. Gleiberman, *From Fast Cars to Fast Food: Overbroad Protection of Product Trade Dress Under Section 43(a) of the Lanham Act*, 45 Stan. L. Rev. 2037, 2058-59 (1993). As this Court previously noted, "[i]t is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, after which competitors are free to use the innovation." *Qualitex*, 514 U.S. at 164. Similarly, the Copyright Act "promotes the creation of original works of authorship by granting the author various exclusive rights in her work for a term equal to her life plus fifty years." Gleiberman, *supra*, at 2062. As in the Patent Act, the Copyright Act serves to protect an author from copying of the author's original work for a limited period of time.

C. Protection of Product Designs Under the Lanham Act Must Not Grant Proprietary Protection In Derogation of Patent and Copyright Law

The overarching purpose behind § 43(a) of the Lanham Act differs significantly from the Patent Act and Copyright Act; its purpose is to prevent confusion among customers while encouraging investment in trade and service marks. The Lanham Act seeks to avert potential confusion and encourage such investment by providing protection to the source-identifying characteristics of trade and service marks. The Patent and Copyright Acts, however, have separate criteria which, if met, provide and protect a property interest in the work itself, thus prohibiting competitors from copying the design for a limited period. Although product designs could possibly identify the source of manufacture, they also often encompass utilitarian or ornamental aspects of that product. *See Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1434 (3d Cir. 1994) ("[U]nlike product packaging, a product configuration differs fundamentally from a product's trademark, insofar as it is not a symbol according to which one can relate the signifier (the trademark, or perhaps the packaging) to the signified (the product).").

Consequently, any rule promulgated to determine the inherent distinctiveness of a product design under § 43(a) of the Lanham Act must focus exclusively on the source-identifying role of the design, while not usurping the roles of the Patent and Copyright Acts in protecting, or not protecting, such designs from copying. *See generally* A. Samuel Oddi, *Product Simulation: From Tort to Intellectual Property*, 88 Trademark Rep. 101 (1998). Otherwise, protection for product designs under the Lanham Act would defeat the policies behind the Patent and Copyright Acts because producers could gain protection

for their designs in perpetuity and without regard for the statutory safeguards inherent in the Patent and Copyright Acts. This Court should articulate a rule with respect to inherent distinctiveness which encourages (or at least does not provide a disincentive for) a merchant to use the Patent or Copyright Acts to prevent copying of a utilitarian, ornamental and/or aestheic design or, alternatively, to demonstrate that the design is highly source indicative before it qualifies as inherently distinctive trade dress.

III. ANY TEST OF INHERENT DISTINCTIVENESS OF PRODUCT DESIGN TRADE DRESS MUST PROTECT ONLY SOURCE INDICATIVENESS AND PROMOTE FREE COMPETITION

Any test adopted by this Court to determine whether a product design is "inherently distinctive" must, at a minimum, incorporate and serve two important interests.[3] First, the test must identify whether or not the product design in question is truly indicative of source. Second, the test must tend to promote, rather than chill, competition and free market forces.

A. To Be Inherently Distinctive, a Product Design Must Be Source Indicative

Under trademark law, a showing that the trademark or trade dress at issue distinguishes the product's source can be satisfied by showing that the mark or trade dress

[3] As discussed in note 2, *supra*, there is ample support for the view that *Two Pesos* did not go so far as to hold that product configuration trade dress, as opposed to product packaging, can be inherently distinctive such that no showing of secondary meaning is required for protection under the Lanham Act. Under this view, this Court in the first instance must determine whether product configuration can be inherently distinctive, and, if so, to what extent.

is inherently distinctive or that it has acquired inherent distinctiveness through secondary meaning. 1 McCarthy on Trademarks and Unfair Competition § 8:11 (4th ed. 1996). To assist in the determination of whether a trademark is inherently distinctive, courts have employed the *Abercrombie* test, which essentially is a classification system based on the degree to which the trademark at issue describes the product. *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1441 (3d Cir. 1994). The *Abercrombie* test is based on the premise that if a word or symbol is deemed to be "descriptive" (i.e., communicates information about the attributes of the underlying product), then there is a presumption that the primary function of such a word or symbol is not to communicate information about the source of that product. *See* Chad M. Smith, *Undressing Abercrombie: Defining When Trade Is Inherently Distinctive*, 80 J. Pat. & Trademark Off. Soc'y 401, 425 (1997). Thus, to be "inherently distinctive" under the *Abercrombie* test, a determination must be made that the word mark or trade symbol at issue does not describe the product with which it is identified, and therefore, is deemed to communicate information about the source of that product. Given the limited function of words to provide, in linguistic form, information about either the qualities of the product (e.g., size, quality, ingredients, etc.) or the source of the product, the *Abercrombie* test has worked relatively well in determining the inherent distinctiveness of word marks and trade symbols. *See id.*

However, in product configuration cases, as noted above, it is the very shape of the product which is sought to be protected. Unlike the limited purposes of words, trade dress—particularly product design—can serve several purposes, either singly or in combination. These purposes include aesthetic and utilitarian aspects, as well

as source indicativeness. It is this fundamental difference in the purposes which product configuration trade dress can serve which sets it apart from trademark and product packaging trade dress in fashioning a test for inherent distinctiveness.

The analytical distinction between word marks and product packaging on the one hand, and product configuration on the other, has left both courts and commentators questioning whether the *Abercrombie* test is appropriate when applied to product configuration. *See* Bradley K. Groff, *Bare-Fisted Competition or Palming Off? Protection of Product Design as Trade Dress Under the Lanham Act*, 23 AIPLA Q.J. 65, 78-79 (1995) (noting that "[w]hen the trade dress in question comprises the configuration or design of the product itself, it is difficult to imagine how it can be any more than 'descriptive' of the goods, as in fact, it is the goods"); *Kohler Co. v. Moen Inc.*, 12 F.3d 632, 647 (7th Cir. 1993) (Cudahy, J., dissenting) (noting that product configuration is not descriptive of the product but is "as generic as the name of the product"). As a consequence, many commentators and courts have called for the application of separate legal standards in assessing the source identifying capabilities of product configuration trade dress and of product packaging trade dress. *See, e.g.*, Melissa R. Gleiberman, *From Fast Cars to Fast Food: Overbroad Protection of Product Trade Dress Under Section 43(a) of the Lanham Act*, 45 Stan. L. Rev. 2037, 2043 (1993) (noting an appreciation of the differences between product packaging trademark and product configuration "illustrates the need for varying legal standards"); Willajeanne F. McLean, *Opening Another Can of Worms: Protecting Product Configuration as Trade Dress*, 66 U. Cin. L. Rev. 119, 131 (1997) (collecting authorities which advocate both unitary and separate tests); *Duraco*, 40 F.3d at

1434 ("traditional trade dress doctrine does not 'fit' a product configuration case because unlike product packaging, a product configuration differs fundamentally from a product's trademark"); *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378-79 (2d Cir. 1997) (discussing choices between product packaging and product configuration).

Moreover, this Court has itself distinguished trade dress comprising labeling, packaging, and traditional word or symbol trademarks, from trade dress constituting the design of the product itself. In *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), the Court on the one hand recognized that states could legitimately "protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods." *Id.* at 232. Yet, on the other hand, when examining the design of the product itself, the Court allowed direct copying of the lamp at issue, even though recognizing that

> of course there could be "confusion" as to who had manufactured these nearly identical articles. But mere inability of the public to tell two identical articles apart is not enough to support an injunction against copying that which the federal patent laws permit to be copied.

Id. Thus, this Court in *Stiffel* appears to have acknowledged that the unpatented design of the product itself merits less protection than the more traditional trade dress features of the article (i.e., trademarks, labels or packaging). Similarly, the *Stiffel* Court seemed to recognize that, without distinctiveness acquired through secondary meaning, any protection of the product's design must be under the patent laws, and absent patent protection, the design fell into the public domain.

Regardless of whether this Court adopts a separate or unitary test for product configuration trade dress, the test should accommodate the distinction between product configuration and product packaging. More particularly, a specific product configuration should not be deemed inherently distinctive if it cannot effectively identify its source to consumers. *See Duraco,* 40 F.3d at 1449. Without secondary meaning, a product design simply has no distinctiveness, unless its design can be divorced from the product's function and ornamentality. "To identify a product's source, a purchaser must conceptually perceive the particular configuration separately from the utilitarian and ornamental aspects of the product." Gracia Maria Shiffrin, Note, *The Third Circuit's New Test Provides an Alternative to Urning Secondary Meaning in the Market,* 6 DePaul Journal Art & Ent. Law 275, 294 (1996). *See also* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 16 cmt. b (1995) ("[I]t is less common for consumers to recognize the design of a product or product feature as an indication of source. Product designs are more likely to be seen merely as utilitarian or ornamental aspects of the goods."). In perceiving the product configuration, the purchaser must be able to assess its symbolic meaning, which is to distinguish and designate source or sponsorship. If the purchaser views the product configuration as merely part of the product itself, as either an ornamental or functional component, then it cannot be inherently distinctive.

The need for a higher threshold to obtain trade dress protection for product configuration is particularly evident in those industries, like the apparel industry, where product design and aesthetics play a major role in competition and customer preferences. Product configurations for goods in which the "look and feel" is the essence of what is being sold (e.g., fashion and decor) make particularly poor

source signifiers. Hermenegildo A. Isidro, *The Abercrombie Classifications and Determining the Inherent Distinctiveness of Product Configuration Trade Dress,* 62 Brook. L. Rev. 811, 846 (1996). The commercial success of such goods is largely based on the visual appeal of the designs employed. Consumers purchase these products mainly because they are attractive, and such industries are dependent on the continual introduction of imaginative designs. Accordingly, the designs of such products are far less likely to identify their producers than in industries in which innovative design elements are not the norm. *Id.*

B. Overbroad Protection of Product Design Trade Dress Leads to Monopoly-Like Protection of Unlimited Duration and Chills Competition

Any rule created to determine whether a product design or configuration is inherently distinctive should be easy for the public and competitive interests to apply. The current definition of inherent distinctiveness, or lack thereof, makes it difficult for competitors to formulate a sound business strategy. *See* A. Samuel Oddi, *Product Simulation: From Tort to Intellectual Property,* 88 Trademark Rep. 101, 153 (1998) ("The ambiguity of the concept [of inherent distinctiveness] is likely to increase transaction costs and have a deterrent effect on competitors considering entering the market in this particular product, or it may force them to expend additional amounts to make certain of a non-infringing design.").

Both the competitive market and the consuming public would be well served by a clear, unambiguous explanation of whether, and if so how, a product design or configuration can be inherently distinctive such that it falls within the protection of § 43(a) of the Lanham Act. The competitive market would be able to design products without fear of liability under the Lanham Act, while consumers

would reap the benefit of a greater selection of goods at lower prices.

Rather than promote competition, a subjective standard which grants overbroad protection to product configuration trade dress can have significant anticompetitive effects. "[W]hen competitors are barred from duplicating features whose value to consumers is intrinsic and not exclusively as a signifier of source, competition is unduly hindered." *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 657 (7th Cir. 1995). Moreover, when trade dress protection is afforded to product configurations which are not source indicative, creation of monopoly-like power in perpetuity may result. *See, e.g.*, Shiffrin, *supra*, at 292 (noting that those who oppose a broad trade dress protection for product configuration do so on the ground that it "results in limitless monopolies conflicting with other intellectual property schemes"); Ronald J. Horta, Note, *Without Secondary Meaning, Do Product Design Trade Dress Protections Function as Infinite Patents?*, 27 Suffolk U. L. Rev. 113, 114 (1993) ("[E]xtended definition of trade dress to protect product features . . . grants monopolies of unlimited duration.").

Neither the law of trademark nor unfair competition was designed to create monopoly power (and certainly not in perpetuity), but rather was aimed at protecting consumers from source confusion. *See Bonito Boats, Inc. v. Thundercraft Boats, Inc.*, 489 U.S. 141, 157 (1989) ("the law of unfair competition has [as] . . . its general concern . . . protecting consumers from confusion as to source . . . . [T]he focus is . . . not the protection of producers as an incentive to product innovation."); *James Burrough Limited v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976) ("[T]he trademark law exists not to protect trademarks, but to protect the consuming

public from confusion, concomitantly protecting the trademark owner's right to a non-confused public."). Unless subject to a rigorous standard, trade dress protection of product configuration could lead to the grant of a property right of indefinite duration. Such overbroad protection would create a new area of protection not found in the Lanham Act and unfettered by the requirements of copyright and patent law. *See* Ralph S. Brown, *Copyright and Its Upstart Cousins: Privacy, Publicity, Unfair Competition*, 33 J. Copyright Soc'y USA 301, 311 (1986) ("protection of industrial design unless firmly tied to source recognition as a trademark, easily slides into an unpredictable system of monopoly awards for successful designs, uninhibited by the statutory standards of copyright law or design patent law").

As noted above, there is nothing in the legislative history of the Lanham Act that suggests that the trademark system should provide incentives or protection for the creation of attractive product designs. *See* Gleiberman, *supra*, at 2056. Nevertheless, some courts, like the Second Circuit in this case, have (either explicitly or implicitly) used the incentive to create attractive designs as a rationale to justify overbroad trade dress protection for product configurations. "While an increase in attractive product designs may be one fringe benefit of trade dress protection, neither section 43(a) [of the Lanham Act] nor the trademark system as a whole was intended to encourage producers to create especially attractive features." *Id.* at 2057. Rather than engage in a form of judicial activism by interpreting the Lanham Act to create new trade dress rights that do not currently exist, courts should leave any such expansion of existing statutory law to the legislative branch. To do otherwise threatens the delicate balance of the "tripartite federal intellectual property schema." *Id.* at 2058.

Allowing such broad protection for product configuration is particularly troublesome because, unlike trademarks and packaging trade dress, there is only a finite number of product designs agreeable to the consumer. As noted by the *Duraco* court, while there is a "practically inexhaustible set of distinct but approximately equivalent variations" of packaging and labeling options available for any given product, that product's configuration "has finite competitive variations that, on the whole, are equally acceptable to consumers." *Duraco*, 40 F.3d at 1448. Allowing a product manufacturer or retailer to forever foreclose competitors from even one of those variations where the product configuration at issue is not source indicative should not be permitted in the absence of a valid patent or copyright examination. *See* Groff, *supra*, at 79.

IV. THE INHERENT DISTINCTIVENESS OF PRODUCT DESIGN SHOULD BE EVALUATED UNDER THE THIRD CIRCUIT *DURACO* STANDARD WITH A MODIFICATION THAT ASSESSES THE SOURCE INDICATIVENESS OF PRODUCT DESIGN AS INVERSELY CORRELATED TO THE DESIGN'S PERCEPTUAL INFORMATIVENESS ABOUT THE PRODUCT

Given that product configuration is ordinarily perceived differently by consumers than packaging, the test adopted by this Court must address those distinctions in a manner that furthers the purpose of trademark law, while at the same time taking into account competitive need. In addition, in adopting any test of inherent distinctiveness for product configuration trade dress, the Court must avoid the risk associated with giving product configurations trademark protection that circumvents the patent examination process and that grants rights in perpetuity. The test that best accomplishes these aims is the test set forth

by the Third Circuit in *Duraco*, with a modification to the third element of that test.

Under the *Duraco* test, to be inherently distinctive, a product configuration must be: "(i) unusual and memorable; (ii) conceptually separable from the product; and (iii) likely to serve primarily as a designator of origin of the product." *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1449 (3d Cir. 1994). The court's analysis in *Duraco* focused upon the likelihood that the configuration would be perceived as source indicative. Accordingly, "unusual and memorable" was defined as whether the configuration would be "apt to be impressed upon the minds of consumers, so that it is likely to be actually and distinctly remembered." *Id.* The second factor, referred to as "conceptual separability," was defined as a design element that acts "as an independent signifier of origin rather than as a component of the good." *Id.* at 1450. The third factor, whether the trade dress is likely to serve primarily as a designator of source, focuses on whether "a consumer would likely perceive the feature or combination or arrangement of features as something that renders the product intrinsically more desirable," or, instead, whether such a consumer would perceive it "primarily as a signifier of the product's source." *Id.*

One of the virtues of the *Duraco* test is that it attempts to rein in the overly subjective "eye-ball test" of *Abercrombie* as well as *Seabrook* as applied to producer configuration trade dress, in favor of a more objective test. *See* Gracia Maria Shiffrin, Note, *The Third Circuit's New Test Provides an Alternative to Urning Secondary Meaning in the Market*, 6 DePaul Journal Art & Ent. Law 275, 292-93 (1996). *See also* Ralph S. Brown, *Design Protection: An Overview*, 34 UCLA L. Rev. 1341, 1380 (1987) ("to say that the overall design of a useful article is

'inherently distinctive' of a particular source just by examining it . . . substitutes an impression that the design is outstanding, or eccentric, or clever, or something, for the proof of association with a source"). Specifically, the first two prongs of the *Duraco* test attempt to state certain threshold requirements a product configuration must satisfy before it can be analyzed under the final prong to determine whether the configuration, in fact, can be deemed inherently distinctive.

The unusualness and memorability prong of the *Duraco* test requires that the product configuration be such that consumers are able to recognize in it something other than the product. Shiffrin, *supra*, at 294. *Duraco* thus requires that the product configuration be of such a unique nature as to "be impressed upon the minds of the consumers, so that it is likely to be actually and distinctly remembered." *Duraco*, 40 F.3d at 1449. If the product configuration is not unusual or memorable in the minds of consumers, the design may not be distinctive or strong enough to allow consumers informed of all the options in a given market to reasonably rely on it to indicate source. This requirement excludes from protection as inherently distinctive those product designs which are customary or commonplace in a particular market, and which therefore resemble the generic and descriptive marks which can never be inherently distinctive under the traditional *Abercrombie* test.

The conceptual separability element of the *Duraco* test requires that the consumer be able to separate mentally the product itself from the three-dimensional features that function primarily to signify source. This is important because to identify a product's source, the consumer must be able to distinguish the particular product configuration from the utilitarian and aesthetic characteristics of the product. In other words, in perceiving the product con-

figuration, the consumer must be able to assess its symbolic meaning as a means of distinguishing and signifying source. Shiffrin, *supra*, at 294. If the consumer simply views the product configuration "as a mere component" or "the essence of product gestalt," this factor of the *Duraco* test dictates that the product is not inherently distinctive. Moreover, this factor does not necessarily require the product configuration to be attractive, but merely requires that certain three-dimensional features of the product be perceived separately "so that a consumer will recognize [the configuration's] symbolic (signifying) character." *Duraco*, 40 F.3d at 1449.

The final element of the *Duraco* test, the likelihood to serve primarily as a signifier of product source, focuses on "a source's intent in adopting the particular configuration." *Id.* at 1450. By focusing on the intent of the producer in adopting the particular configuration at issue, this element is subject to manipulation. More particularly, if the *Duraco* test were to be adopted *en toto* by this Court, it is quite likely that producers gradually would begin to generate self-serving memorandums and other documents "evidencing" their intent that various product configurations were adopted primarily for source identifying purposes, when in actuality, such configurations were really designed for ornamental or utilitarian purposes. As such, this third element of the *Duraco* test needs to be replaced with an analysis that is less subject to manipulation and more truly focuses on the source indicative nature of the product configuration in question.

This analysis should also address the fundamental organizing principle which, in the struggle by courts and commentators to develop and apply a test for inherent distinctiveness for product design, has been lost, namely: the concept that product descriptiveness and source indicativeness are inversely correlated. A test for inherent

distinctiveness of product design should return to basic principles and maintain continuity with settled law. The newly proposed third element of the *Duraco* test attempts to achieve those goals by slightly reframing and extending the *Abercrombie* formulation beyond word-based marks to encompass a test which can be readily applied to product designs in determining whether or not they primarily serve as a designator of the source of the product.

Under the classic *Abercrombie* test, words descriptive of the product are at the polar extreme from arbitrary or fanciful words that convey no information about the product and instead operate only as source identification. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 10-11 (2d Cir. 1976). Whereas words may be "descriptive" of a product, other sensory data (e.g., non-linguistic visual or auditory perceptions) may be "informative" about the product and its characteristics (i.e., utilitarian or ornamental or both). Thus, when considering where on the spectrum of "distinctiveness" a given product configuration trade dress should lie, the determination is made based upon the measure or tendency of the trade dress to directly and immediately convey information about the product's characteristics (its utility or aesthetics) or any other qualities.

Product configuration almost always conveys utilitarian information about the product—what it is, what it does, and how it works. Product ornamentation typically supplies information about the suitability of the product for the consumer's intended use. To use shoes as just one example, ornamentation is one product feature that differentiates a running shoe from a dress shoe from a hiking shoe. The consumer's view of a shoe configuration is therefore directly and immediately informative, so the shoe configuration is not entitled to the status of inherently distinctive trade dress.

Discussed below are a few specific examples illustrating the placement of various trade dress configurations on the "distinctiveness" spectrum using the newly proposed analysis for the third element of the *Duraco* test (i.e., analyzing a particular configuration's "perceptual informativeness" to a consumer about the underlying product). These examples demonstrate the workability of the modified *Abercrombie* criteria, when applied to trade dress configuration, merely by considering the configuration's "perceptual informativeness."

"Generic" symbols refer to, or have come to be understood as referring to, the entire genus to which the particular good is a species. Such symbols inform the consumer about the goods so completely that they are or have become the generic symbol attributable to that good. Such configuration symbols could never function as a source indicator for the products they symbolize because of the "perceptually informative" nature of the symbols. For instance, the traditional configuration of a coffee cup could never function as a signifier of source for such products because of the information about the product which such configuration provides to a consumer immediately upon perception. Similarly, the traditional product configurations for a telephone, eyeglasses, or a football are so directly and immediately informative about the product and its characteristics, that trade dress protection is unwarranted because of the generic nature of those configurations.

Thus, in the case of the substantial majority of product configurations, the configuration, as trade dress, fails to perform in any trademark sense because of the extensive information directly and immediately available to a consumer upon initial perception. These "generic" configuration symbols, if protected, would severely hinder competi-

tion because they represent highly efficient means by which a merchant may communicate information about the product to consumers.

Applying the analysis proposed here for the third element of the *Duraco* test, only those configurations that are commonly known but which, when used in connection with a particular good, convey no information relevant to the good's characteristics, would be deemed "arbitrary" and thus inherently distinctive. *See, e.g., In re International Playtex Corp.*, 153 U.S.P.Q. 377 (T.T.A.B. 1967) (container configuration having the appearance of an ice cream cone found inherently distinctive for baby pants) (*cited in* TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1202.03(f)(iv) (1997)). Similarly, under this analysis, "fanciful" configurations would be those which are selected only for their use as trade dress configurations and which bear no relationship to commonplace, everyday articles, and thus, provide no information relevant to the good's characteristics.

In short, under this reformulation and extension of the *Abercrombie* test as incorporated into the third element of the *Duraco* test, if the product configuration at issue was found to be "generic" because of the "perceptually informative" nature of the configuration, it could never qualify for trade dress protection. Conversely, if such product configuration was determined to be "arbitrary" or "fanciful" under the perceptual informativeness analysis proposed herein, it would be deemed inherently distinctive, and no showing of secondary meaning would be required. If the configuration was determined under the analysis to be neither generic nor arbitrary or fanciful, then it would be deemed to be "informative" and a showing of secondary meaning would be required before any trade dress protection would obtain.

Thus, under the modified third element of the *Duraco* test proposed in this brief, product configurations would almost never qualify for inherently distinctive trade dress protection because configurations are highly informative about the product. Conversely, where a design or configuration is *un*informative about the product and divorced from its function and ornamentality, it would instead serve primarily as a designator of product source and would therefore be entitled to some protection.

CONCLUSION

The legal landscape is littered with a bewildering array of supposed tests for inherent distinctiveness. If the concept is to have any meaningful application to product design without chilling competition by cumbersome ambiguity, inherent distinctiveness must be defined in a manner that predictably produces results whereby product informativeness and Lanham Act protection are inversely correlated. The modified *Duraco* test proposed above affirms these goals by setting out more objectively based standards under which consumer perception of a product configuration is validated and a producer's right to protect inherently distinctive product configuration is recognized only when that configuration acts as a source designator.

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No. 99-150

IN THE
Supreme Court of the United States

WAL-MART STORES, INC.,

Petitioner,

v.

SAMARA BROTHERS, INC.,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

Brief of The International Mass Retail Association As *Amicus Curiae* In Support of Petitioner

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QUESTION PRESENTED

What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade-dress protection?

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PRELIMINARY STATEMENT

In accordance with Rule 37 of the Rules of this Court, the International Mass Retail Association ("IMRA") submits this *amicus curiae* brief in support of petitioner. All parties have consented to the submission of this brief through letters filed with the Clerk of the Court. Counsel for the IMRA authored this brief in its entirety, and no other person or entity, besides the IMRA itself, has made a monetary contribution to the preparation or submission of this brief.

STATEMENT OF *AMICUS* INTEREST

At stake in this case is whether a line of children's clothes has a sufficiently distinctive "look" to warrant trade-dress protection, together with the monopoly into perpetuity that comes with it. Because the IMRA believes that this component of the Lanham Act was designed to protect consumers from genuine confusion over the producers of such goods, not to undermine competition in the sales of these basic necessities, it offers this brief for the Court's consideration.

The IMRA is an alliance of retailers, producers and service suppliers, all of whom are committed to providing price-competitive products to domestic and international consumers. In doing so, the association works to improve and expand its members' businesses through industry research and education as well as government advocacy. It also encourages its members to establish relationships, solve problems, and work together for the benefit of the consumer and the mass retail industry. Composed of more than 200 retail companies that operate over 133,000 stores worldwide as well as 600 supplier companies, the IMRA's membership represents over $1 trillion in annual sales at the same time that it employs millions of workers.

The IMRA has a compelling interest in the appropriate standard for establishing whether a product's design is sufficiently distinctive to warrant trade-dress protection. The

lower court extended this protection to entire lines of clothing based merely upon a showing that the items shared a vague, yet allegedly distinctive, "look." Left as is or, worse, affirmed, the decision will create unyielding monopolies over entire classes of basic consumer products, a result at odds both with the letter and the spirit of the Lanham Act, which has long sought to "foster competition" while "protect[ing] the ability of consumers to distinguish among competing producers." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992).

The Second Circuit's approach to this issue thus will harm not just the IMRA's members but the American consumer as well. It will cut off competition in the development of entire varieties of consumer products whenever one producer can convince a jury that a product configuration constitutes a distinctive "trade dress." By too lightly permitting such findings, the Second Circuit's approach will unwittingly permit producers to use trademark law as a monopolistic sword rather than a source identifying shield, thereby preventing the IMRA's members from bringing whole classes of clothing to consumers at affordable, competitive prices. For these reasons and those elaborated below, the IMRA respectfully submits this brief and urges the Court to reverse the decision below.

SUMMARY OF ARGUMENT

Under Section 43(a) of the Lanham Act, one may not use a "word, term, name, symbol, or device . . . which . . . is likely to cause confusion . . . as to the origin . . . of . . . goods." 15 U.S.C. § 1125(a). While the Lanham Act extends to trade-dress "symbol[s]" that cause confusion over the origin of consumer goods, *see Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, the question whether a product design is "inherently distinctive" — and therefore eligible for trade-dress protection — is a rigorous one. Because protection for the configuration of a product, as opposed to merely its packaging, label, name or trademark, risks creating an unending monopoly over an entire product line, a plaintiff seeking such broad

protection "faces the particularly difficult challenge of showing that the appearance of its several products is sufficiently distinct and unique to merit protection." *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 380 (2d Cir. 1997). All lower courts to consider the issue, including the lower court here, agree that "a more stringent test is necessary in the product configuration context" than in the more discrete context of trade-dress protection for a product's packaging. *Fun-Damental Too, Ltd. v. Gemmy Industries Corp.*, 111 F.3d 993, 1001 (2d Cir. 1996).

Accordingly, in order to show that a product design is "inherently distinctive," *Two Pesos*, 505 U.S. at 769, a plaintiff seeking to protect a series of products must meet the following three requirements. It must show that the product design is (1) unique and "capable of carrying meaning," *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 162 (1995), (2) sufficiently specific to be eligible for trademark registration, and (3) conceptually separable from the function of the product itself, *Two Pesos*, 505 U.S. at 769.

In this instance, plaintiff cannot satisfy a single one of these requirements, to say nothing of meeting all three. A product design characterized by seersucker fabric, a conservative cut, a wide collar, and traditional cut-out decorations, yet no defining color or colors, falls well short of the novelty or specificity required to "identify[] a particular source of the product." *Two Pesos*, 505 U.S. at 771. And the so-called "look" of such a configuration represents precisely the kind of "'aesthetic functionality'" that would unduly curb competition. *Qualitex*, 514 U.S. at 170. This claim in the end is ineligible for the kind of sweeping protection from competition that plaintiff is now seeking.

ARGUMENT

Plaintiff seeks trade-dress protection under the Lanham Act for a line of children's clothing that contains five purportedly distinct features: (1) "seersucker fabric," (2) "large bold appliques" (*e.g.*, cut-out decorations fastened to a shirt or dress), (3) "large collars with the appliques generally integrated into the collar and any pockets on the garment," (4) the "general absence of printed images, black outlines, alphanumeric characters, three-dimensional features or heavy ornamentation (such as bibs or fringe)," and (5) "full-cut, one-piece conservative bodies." Pet. App. 13. In granting plaintiff a permanent and exclusive license to make children's clothing with these unremarkable features, the lower court committed reversible error.

Consistent with the language of the Lanham Act and the case law construing it, trade-dress protection for a product's unregistered configuration occurs only when the design of another product is likely to cause confusion as to its producer. That confusion, in turn, occurs only when the configuration is (1) unusual, (2) sufficiently specific in design that it would be eligible for registration in its own right, and (3) conceptually separate from the function of the product itself. As the line of children's clothing at issue here cannot meet a single one of these requirements, the Lanham Act simply does not restrict these sales. The lower-court's decision to the contrary should be reversed.

I. Neither The Language Of The Lanham Act Nor Precedent Establishes That the Amorphous "Look" Of A Line Of Clothing Constitutes A Protectable Trade Dress.

A. The Lanham Act Applies To A "Word, Term, Name, Symbol, Or Device" That "Is Likely To Cause Confusion" Regarding "The Origin" Of The "Goods."

Section 43(a) of the Lanham Act establishes a cause of action against a person who:

> in connection with any goods . . . or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive . . . as to the origin, sponsorship, or approval of his or her goods . . . by another person.

15 U.S.C. § 1125(a). When it comes to clothing and other retail products, product configuration is hardly the first place one would look to gauge whether a producer has caused "confusion" over "the origin . . . of . . . goods." As the terms of the statute suggest, the paradigmatic Lanham Act claim involves a producer who markets his or her goods under a competitor's similar brand "name," similar descriptive "term," or similar "symbol" (*e.g.*, a trademark). In each case, the competitor's use of comparable words or marks risks confusing the consumer about the maker of the goods. No such problem occurred here, however. Though given every opportunity to do so, plaintiff has not created a trademark that would make its clothes distinctive like, say, Nike did with its swoosh, or Polo did with its horse and rider, or Izod did with its alligator. Nor has plaintiff alleged that any competitor has used its name or label in marketing its children's clothes.

Instead, plaintiff claims "trade-dress" protection for an entire line of children's clothing. While section 43(a) of the

Act "does not mention . . . trade dress" as a potential source of confusion for consumers, *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992), the Court has determined that the provision covers a product feature that "can act as a *symbol* that distinguishes a firm's goods and identifies their source," *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 166 (1995) (emphasis added). Such a symbol constitutes "the totality of the elements regarding the *display or packaging* of an item that conveys a 'source'-related commercial impression." Michael A. Epstein, *Epstein on Intellectual Property*, § 7.04[A] at 7-36 (4th ed. 1999) (emphasis added).

Even then, however, plaintiff has not claimed that the "display or packaging" of its clothing amounts to a protected trade dress that defendant has infringed. Instead, still another step removed from a core Lanham Act claim, plaintiff contends that the *product design* of an entire line of clothing is what constitutes the trade-dress symbol and is what allegedly deserves protection.

B. Trade-Dress Protection For A Product's Design Requires Features That Are Unique, Sufficiently Specific To Be Eligible For Registration, And Distinct From the Function of the Product Itself.

Trade-dress protection for the configuration of a product, as opposed to merely its packaging, label, name or trademark, risks creating a perpetual monopoly over an entire product line. A plaintiff seeking such insulation from competition therefore "faces the particularly difficult challenge of showing that the appearance of its several products is sufficiently distinct and unique to merit protection." *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 380 (2d Cir. 1997). Indeed, because product designs frequently contain symbols but are rarely the symbols themselves, "a more stringent test is necessary in the product configuration context" than in the packaging context. *Fun-Damental Too, Ltd. v. Gemmy Industries Corp.*, 111 F.3d 993, 1001 (2d Cir. 1996). Indeed,

all lower courts have recognized, including the court below, that Lanham Act "protection for the design" of a product "is more difficult to obtain" than protection for the display or packaging of a product. Pet. App. 8; *Jeffrey Milsteen, Inc. v. Gregor, Lawler, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995) ("Courts should proceed with caution in assessing claims to unregistered trade dress protection."); *Nabisco, Inc. v. PF Brands, Inc.*, 50 F. Supp. 2d 188, 199 (S.D.N.Y. 1999) ("The standard for determining the inherent distinctiveness of a product's design is more rigorous than that for determining the inherent distinctiveness of the product's packaging."); *Winner Int'l LLC v. Omori Enterprises, Inc.*, 60 F.Supp.2d 62, 66 (E.D.N.Y. 1999) (trade-dress protection for product configuration is more difficult to obtain than it is for package design). *See Duraco Prods., Inc. v. Joy Plastic Enter., Ltd.*, 40 F.3d 1431, 1433-34, 1440 (3d Cir. 1994).

What, then, is required to show an "inherently distinctive" product design and therefore obtain trade-dress protection in this context? *See Two Pesos*, 505 U.S. at 769. In accordance with the language of section 43(a) and the precedent explaining it, the design must be (1) unique, (2) sufficiently specific to be eligible for registration and (3) conceptually separate from the function of the product.

First, as with virtually all forms of intellectual property seeking shelter from competition, a protected product design must initially be unique. The Lanham Act protects novel configurations, not pedestrian ones. To be "capable of carrying meaning" that "tell[s] a customer" that a product design "refer[s] to a brand," *Qualitex*, 514 U.S. at 162, the configuration must be "unusual and memorable." *Duraco*, 40 F.3d at 1448-49. Whether in shape, color, texture or size, the design itself must "signal a brand or a product 'source.'" 514 U.S. at 163. Otherwise, the design would not be "capable of identifying a particular source of the product," *Two Pesos*, 505 U.S. at 771, which is the requisite precursor to any claim of consumer

"confusion." 15 U.S.C. § 1125(a). To be eligible for protection, in other words, a product's design must at a minimum be sufficiently out-of-the-ordinary to convey its source.

Second, the protected design must be specific in nature. It is common ground that a trademark applicant must propose "a drawing of the mark," 15 U.S.C. § 1051(a)(1)(B), that is particular and specific. There is a similar specification requirement for unregistered trademarks or trade dress. *See Landscape Forms, Inc.*, 113 F.3d at 381 ("focus on the overall look of a product does not permit a plaintiff to dispense with an articulation of the specific elements which comprise its distinct dress"). For this reason, the Court has rejected trademarks that, like "a red or other distinctively colored streak applied to or woven in a wire rope," are too indefinite to be the subject of registration. *A. Leschen & Sons Rope Co. v. Broderick & Bascome Rope Co.*, 201 U.S. 166, 170 (1906). In like manner, a trade-dress product design must not only be sufficiently unusual to convey a source, but it also cannot be so general as to defy meaningful characterization. *See Two Pesos*, 505 U.S. at 774. The transcendent purpose of Lanham Act protection is to assure "a potential customer that . . . the item . . . is made by the same producer." *Qualitex*, 514 U.S. at 164. Yet no such assurance can ever occur if the product lacks the hallmarks of a specific design.

Lastly, and perhaps most importantly in the context of clothing, "eligibility for protection under section 43(a) depends on nonfunctionality." *Two Pesos*, 505 U.S. at 769. That is to say, the design feature at issue cannot simply serve an essential function of the product being peddled. A guitar string is not a protected trade dress of a guitar, and a collar is not a trade dress for a shirt. A "product feature" thus is not entitled to protection if it "is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844,

850-51, nn. 10 & 11 (1982). The same is true "if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." *Qualitex*, 514 U.S. at 165. The point of "[t]he functionality doctrine" is to "prevent[] trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature." *Id.* at 164. *See also Restatement (Third) Unfair Competition* § 17 at 172 (1995) ("[D]esign is 'functional' . . . if the design affords benefits in the manufacturing, marketing, or use of the goods or services with which the design is used, . . . that are important to effective competition by others and that are not practically available through the use of alternative designs."). In the last analysis, when form not only follows function but is the function itself, no trade-dress protection exists.

II. Plaintiff's Clothing Line Is Not Entitled To Trade-Dress Protection.

Measured against this test, plaintiff's trade-dress contention plainly fails. As an initial matter, this line of clothing is hardly unique. Consider the five identifiable features of the clothing: (1) "seersucker fabric," (2) "large bold appliques," (3) "large collars with the appliques generally integrated into the collar and any pockets on the garment," (4) the "general absence of printed images, black outlines, alphanumeric characters, three-dimensional features or heavy ornamentation (such as bibs or fringe)," and (5) "full-cut, one-piece conservative bodies." Pet. App. 13.

By any standard, this product configuration is hardly unusual. Seersucker fabric makes up many a garment, not just one. Surely the placement of cut-out figures on children's clothes is not an innovation. Large collars and pockets, whether with cut-out figures on them or not, characterize many a child's outfit. The "absence" of other design features of course defines every clothing item ever sold, not just

respondent's. And a "full-cut" "conservative" design may well describe more lines of children's clothing than it singles out. These run-of-the-mill features simply are not the kinds of product design that can meaningfully symbolize the handiwork of one manufacturer and one manufacturer alone.

Nor, even if one aggregates these common clothing features, does that create an uncommon design. Conservative seersucker clothes, adorned with large collars and cut-out strawberries, hearts, daisies and the like, lack the kind of singular design that would symbolize the identity of any but the most generic of clothiers. And that is particularly true for clothes that do not even have a unifying color or colors. Making matters worse, as Judge Newman correctly pointed out in his dissent below, "nearly one-third" of the clothes in the product line lack one of these "key feature[s]." Pet. App. 34. Surely an entire line of clothes cannot simultaneously have a distinctive "look" yet frequently appear without the very features that purport to create that trade dress. On this record, only a most undiscerning shopper would leap to the conclusion that Samara Brothers, and no other, used these common features in the product design of its children's clothes. Whether one aggregates these design components in full, disaggregates them one by one or even does a little of both, the conclusion is the same: They are not sufficiently unusual to merit trade-dress protection.

Plaintiff fares no better under the lens of the specificity inquiry. Examined singly or as a group, these five features are more amorphous than concrete, and as likely to describe other lines of children's clothing as respondent's own. Everyday descriptions like seersucker, conservative, full-cut, large collars, even the sophisticated-sounding applique, simply do not convey a specific clothing design, and certainly not one that could ever be registered. This sartorial imprecision is itself fatal to respondent's claim.

Even aside from the utter absence of novelty and specificity in respondent's line of children's clothing, the product features are themselves functional and therefore undeserving of monopolistic protection. Take the use of seersucker fabric. It clearly "affects the cost or quality" of the clothes, as does the existence of a generous, conservative cut. *Inwood Laboratories*, 456 U.S. at 850 n.10. And both features would plainly "put competitors at a significant non-reputation-related disadvantage" if respondent were given "exclusive use" of them. *Qualitex*, 514 U.S. at 165. Plus, if respondent were allowed to treat the "general absence" of other adornments as a protected feature of its garments, no manufacturer would ever be immune from Lanham Act litigation. For like reasons, large collars with attractive appliques are "essential to the use or purpose of the article," *Inwood Laboratories*, 456 U.S. at 850 n.10, not only because they affect the "cost and quality" of the clothes but also because most (if not all) parents buy such clothes with appearance-based considerations in the forefront of their minds. No manufacturer of children's clothes, in short, may corner the market on heart-shaped or strawberry-shaped decorations.

Nor does it advance respondent's cause to ask whether the overall "look" of this line of clothing is "functional." Plainly it is. "[D]esign is legally functional, and thus unprotectible, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection." *Two Pesos, Inc.*, 505 U.S. at 775. In this instance, such product designs have an "aesthetic functionality," which is pleasing to consumers and which affects them in purchasing almost all clothes. *See W.T. Rogers Co., Inc. v. Keene*, 778 F.2d 334, 340 (7th Cir. 1985) (Posner, J.). "The 'ultimate test of aesthetic functionality,' . . . 'is whether the recognition of trademark rights would significantly hinder competition.'" *Qualitex*, 514 U.S. at 170. Because the appearance of such clothes is "essential to the use or purpose of the article" and

certainly "affects the cost . . . of the article," *Inwood Laboratories*, 456 U.S. at 850 n.10, it plainly would hinder competition. Indeed, when it comes to most clothing and most consumers, "[b]eauty is function." *W.T. Rogers Co.*, 778 F.2d at 343. Clothing therefore rarely will receive trade-dress protection merely for its product design, as opposed to obtaining such protection for inaccurate labeling, naming or packaging.

III. Granting Trade-Dress Protection To This Entire Line Of Children's Clothing Would Disserve The Competition-Enhancing Objectives Of The Lanham Act.

In granting plaintiff trade-dress protection for the "look" of its garments, the lower court gave it a monopoly over an entire style of clothes. Left unchanged, all seersucker, conservative baby clothes with distinctive appliques could well be produced by just one United States company. This would limit consumer choice, would restrict competition in the design and form of clothes — an area that has traditionally been free from monopoly — would almost certainly raise prices, and would lead to years of litigation-driven confusion over which clothiers would unjustly benefit from the sudden monopolies that such a ruling would confer.

Nor is this a discrete group of garments. Only a few fabrics are appropriate for baby clothes (cotton, seersucker, gaberdine); there are just a limited number of styles; and there are only a limited number of categories of decorative motifs appropriate for baby clothes (letters and numbers, animals, cars, trucks). To grant a trademark monopoly to any set of these options, it is clear, would "unduly hinder" free competition.

And, yet, the overriding purpose of the Lanham Act is precisely to promote competition. "Section 43(a) does not say, 'Thou shalt not copy.' It says, 'Thou shalt not use a false

designation of origin.'" Ralph S. Brown, *Design Protection: An Overview*, 34 UCLA L. Rev. 1341, 1385 (1987). In point of fact, a defendant "may copy plaintiff's goods slavishly down to the minutest detail"; all the Act prevents is an effort to "represent himself as the plaintiff in their sale." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989) (quoting *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 301 (2d Cir. 1917) (Hand, J.)). Disregarding this admonition, then compounding the error by declining to require plaintiff to identify a discrete, non-functional mark that would identify its products, the Court gave a monopoly to produce clothes of the most general type. While Samara Brothers is for now the beneficiary of that ruling, its competitors and most importantly consumers in general are the victims. It would be a most unfortunate irony if a law designed above all to protect consumers was construed in the end to injure them.

CONCLUSION

For the foregoing reasons, the lower-court decision should be reversed.

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Wal-Mart Stores, Inc. v. Samara Brothers, Inc.

On Writ of Certiorari to the United States Court of Appeals
for the Second Circuit

Brief *Amicus Curiae* of Scott P. Zimmerman,

Urging Reversal and Remand to Reconsider and Apply A Proper Test of Inherent Distinctiveness

Submitted by Charles W. Calkins

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INTEREST OF THE AMICUS CURIAE

This brief is submitted by Charles Calkins on behalf of Scott P. Zimmerman.[1] The *amicus* is interested in the proper identification and in the proper application of a test for inherently distinctive trade dress. This brief is submitted to provide the Court with the assistance of one who practices before the United States Patent and Trademark Office and one who studies the intersection of utility patents, design patents, and trademarks. The *amicus* has no financial interest in the outcome of this case, and the *amicus* takes no position on the inherent distinctiveness of the appellee's garments.

CONSENT OF THE PARTIES

Each party has consented to this brief. Messrs. Coston and Riback both consented by email, and a written acknowledgement was mailed to each. Copies of each email and each acknowledgement are included with the packaged briefs.

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[1] Scott P. Zimmerman has authored this brief in whole. No other person, party, or counsel has made a monetary contribution to the preparation or submission of this brief. *See* SUP. CT. R. 37.6 (1999).

SUMMARY OF THE ARGUMENT

1. Inherently Distinctive Trade Dress Should Not Consider "Intent"

The Second Circuit erroneously considered Samara's intent to distinguish their trade dress. One of the statutory requirements, according to the Second Circuit, is that a person "use" or "intend to use" a mark to identify and to distinguish goods. There is, however, no statutory requirement that a person "intend" to identify or to distinguish their goods. Section 45 of the Lanham Act does define a "trademark" using "intention to use." Yet this definition must be read and understood in the context of "intent to use" trademark applications. An intent-to-use trademark application confers no Lanham Act rights until the mark is actually "in use in commerce." A person's intentions are statutorily irrelevant and, more important, are not protectable by the Lanham Act. The Second Circuit erred when saying Samara's intent to

identify and to distinguish Samara's trade dress satisfied the Lanham Act's statutory requirement.

2. The Second Circuit's Test for Inherently Distinctive Trade Dress Is Erroneous

The Second Circuit's test for inherent distinctiveness is also erroneous. The Second Circuit's test is constructed upon a faulty premise, which is that a product feature cannot presumptively identify the product's source. This presumption, first announced in *Duraco*, is contrary to the Supreme Court's *Two Pesos* opinion. The Second Circuit's test for inherently distinctive product configurations is, therefore, premised upon an erroneous view of the law.

3. *Abercrombie* Is Applicable When The Competitive Field Is Considered

Abercrombie is admittedly difficult to apply to product designs. Whether a product design is "suggestive" or "fanciful" or "arbitrary" may often seem a wholly subjective inquiry. The *amicus* shows, however, that *Abercrombie* is applicable and is workable when considered in view of the competitive field.

The *Abercrombie* analysis must be applied to the combined features of the trade dress. Each allegedly distinctive product design feature, or product packaging feature, must be identified before any analysis can be applied. If other courts have considered "the product itself," then those courts have impermissibly narrowed the Court's recent explanation of trade dress. The analysis must first identify the alleged inherently distinctive feature(s) or combination of features.

Once the trade dress features have been identified, the alleged inherently distinctive trade dress must be compared with the competitive field. The trade dress is the "total image and overall appearance" of the product design. This "total image"

must be distinctive within the competitive field. Although each individual trade dress feature may be old in the competitive field, or even ubiquitous, the total combination may still be distinctive.

Once the competitive field is known, the *Abercrombie* factors are very applicable. The competitive field often segregates the *Abercrombie* categories. "Fanciful" product designs, for example, have at least one feature that is newly invented and unrelated to the product. "Arbitrary" product designs could have at least one feature that is borrowed from other product fields or other contexts. "Arbitrary" product designs could also have features that are commonly found in the competitive field, however, these features are distinctively combined.

"Suggestive" and "descriptive" product designs, like "suggestive" and "descriptive" word marks, are difficult to demarcate. A "suggestive" product design is a combination of features that requires "imagination, thought and perception" to determine the nature of the goods. A "descriptive" product design

includes a combination of features that describe a characteristic of the product. A "descriptive" product design requires secondary meaning. Although the "suggestive" and "descriptive" categories have always been difficult to demarcate, knowledge of the competitive field could greatly clarify the *Abercrombie* classification.

The competitive field quickly identifies "generic" product designs. Any combination of product features that commonly refers to the product or product class is "generic." Knowledge of the competitive field also allows the factfinder to quickly determine what combination of features has become ubiquitous. "Generic" product designs, when compared with the competitive field, are now easily segregated from the competitive field.

The competitive field also helps determine when trade dress merely follows a trend or when trade dress departs from the field. Trade dress which departs from the competitive field is more deserving of inherent distinctiveness. "Fanciful" trade dress,

as mentioned above, has features that are newly invented and also unrelated to the product. "Arbitrary" trade dress has at least one feature that is borrowed from other product fields or other contexts. Because "fanciful" trade dress includes at least one newly invented feature, or because "arbitrary" trade dress includes at least one feature not found in the field, fanciful and arbitrary trade dress is easily identified as a "departure" from the field and deserves protection *ab initio*.

Some "arbitrary" trade dress, however, is not protected *ab initio*. "Arbitrary" product designs could also have features that are commonly found in the competitive field, however, these features are distinctively combined. A combination of common features, although novel, should not be protected *ab initio* if the combination follows a trend in the competitive field. Not every trivial, but novel, combination of common features deserves protection *ab initio*. Trade dress which is a mere refinement of a trend in the field cannot be inherently distinctive. Trends in the

competitive field can separate inherently distinctive trade dress from that requiring secondary meaning.

4. One Last Comment: The Above Test For Inherent Distinctiveness Is Applicable To Product Design And Product Packaging

The *amicus* cautions the Court. The Court must clarify that the *Abercrombie* analysis discussed above is applicable to both product design and product packaging. Many courts and commentators distinguish between inherently distinctive "product design" and inherently distinctive "product packaging." If the Court only discusses "product design," the door will be open for continued disagreement over the test for inherently distinctive "product packaging." There is, for example, much disagreement whether the restaurant trade dress in *Two Pesos* was "product packaging" or "product design." The Court would eliminate continued confusion and disagreement by expressly deciding the *Abercrombie* factors, when applied in view of the product field, are applicable to both "product design" and "product packaging."

THE ARGUMENT

1. INHERENT DISTINCTIVENESS DOES NOT REQUIRE THAT A PERSON "INTEND TO USE" TRADE DRESS AS AN IDENTIFIER OF GOODS

The Second Circuit erroneously considered Samara's intent to distinguish their trade dress. There is no statutory requirement that a person "intend" to identify or to distinguish their goods. Section 45 of the Lanham Act does define a "trademark" using "intention to use." Yet this definition must be read and understood in the context of "intent to use" trademark applications. An intent-to-use trademark application confers no Lanham Act rights until the mark is actually "in use in commerce." A person's intentions are statutorily irrelevant and, more important, are not protectable by the Lanham Act. The Second Circuit erred when saying Samara's intent to identify and to distinguish Samara's trade dress satisfied the Lanham Act's statutory requirement.

The Second Circuit says Samara's garments satisfy the statutory requirements for trade dress protection. One of the statutory requirements, according to the Second Circuit, is that a person "use" or "intend to use" a mark to identify and to distinguish goods. *See Samara Bros., Inc. v. Wal-Mart Stores, Inc.*, 49 U.S.P.Q.2d (BNA) 1260, 1264 (2d Cir. 1998). *See also Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996, 1008, 36 U.S.P.Q.2d (BNA) 1737, 1747 (2d Cir. 1995); *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378 n.3, 42 U.S.P.Q.2d (BNA) 1641, 1644 (2d Cir. 1997). Because Samara intentionally designed their garments to be recognized in the marketplace, according to the Second Circuit, Samara's trade dress satisfies one of the statutory requirements. *Id.*

The Second Circuit, however, misunderstands the Lanham Act statutory requirements. There is no statutory requirement that a person "intend" to identify or distinguish their goods. Section 45 of the Lanham Act does define a "trademark" using "intention to

use." *See* 15 U.S.C. § 1127 (1996). Yet this definition must be read and understood in the context of "intent to use" trademark applications. *See* 15 U.S.C. § 1051(b) (1996). When Section 45 is clearly understood, the Second Circuit will realize there is no statutory "intent" requirement for trade dress protection.

An intent-to-use trademark application allows an applicant to reserve a trademark. *Id.* There are two types of trademark applications. Trademark applications can be based upon actual "use of the mark in commerce." *See* 15 U.S.C. § 1051(a)(1)(A) (1996). Trademark applications may also be based upon a "bona fide intention to use the mark in commerce." *See* 15 U.S.C. § 1051(b)(1)(A) (1996). An "intent-to-use" trademark application can be filed without having actually used the mark in commerce. *Id.* Although an intent-to-use application may be filed, someone must later verify that the mark is actually used in commerce. *See* 15 U.S.C. § 1051(d) (1996).

An intent-to-use application, more importantly, is not protectable under the Lanham Act. Every trademark must first be "registered" before an infringement action can be brought. *See* 15 U.S.C. § 1114 (1)(a) (1996). An intent-to-use application, however, is not "registered" until the applicant files a verified statement that the mark is actually used in commerce. *See* 15 U.S.C. § 1051(b)(1)(A) & § 1051(d) (1996). Although an intent-to-use application may be filed, the Lanham Act expressly states "no mark shall be registered until the applicant has met the requirements of subsection (d)," which, of course, is the verified statement of actual use in commerce. *Id.* An intent-to-use trademark application, therefore, confers no Lanham Act rights until the mark is actually "in use in commerce."[2] *See* 15 U.S.C. § 1051(d)(1) (1996). *See also* JANE C. GINSBERG, JESSICA LITMAN, DAVID GOLDBERG, & ARTHUR J. GREENBAUM, TRADEMARK AND UNFAIR COMPETITION LAW 191-201 (1996).

[2] Even an unregistered trademark must still satisfy the use-in-commerce requirement. *See* 15 U.S.C. § 1125(a)(1) (1996).

There can be, therefore, no statutory requirement that a person "intend" to identify or distinguish their goods. The Lanham Act requires actual "use in commerce." A person's intentions are statutorily irrelevant and, more important, are not protectable by the Lanham Act. The Second Circuit erred by considering Samara's intent to identify and to distinguish their children's garments.

2. THE SECOND CIRCUIT'S TEST FOR INHERENT DISTINCTIVENESS IGNORES *TWO PESOS* AND IS PREMISED UPON AN ERRONEOUS VIEW OF THE LAW

This section will show the Second Circuit's test for inherent distinctiveness is erroneous. The Second Circuit's test is constructed upon a faulty premise, which is that a product feature cannot presumptively identify the product's source. This presumption, first announced in *Duraco*, is contrary to the Supreme Court's *Two Pesos* opinion. The Second Circuit's test

for inherently distinctive product configurations is, therefore, premised upon an erroneous view of the law.

The Second Circuit has ignored Supreme Court mandate. The Second Circuit's test for inherent distinctiveness is whether "a product's design . . . 'was likely to be understood as an indicator of the product's source.'" *Samara,* 49 U.S.P.Q.2d at 1264. This test focuses on whether a consumer perceives the product feature as an indicator of source, or whether the product feature simply makes the product more desirable regardless of source. *See Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1450, 32 U.S.P.Q.2d (BNA) 1724, 1739 (3d Cir. 1994). This test has an underlying, but faulty, premise first stated by the *Duraco* court: one cannot "automatically conclude" that a product feature presumptively identifies the product's source. *Id.* at 1441, 32 U.S.P.Q.2d at 1731. This premise is exactly contrary to the Supreme Court's prior mandate in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 23 U.S.P.Q.2d (BNA) 1081 (1992).

Two Pesos explicitly says an inherently distinctive product feature is protected *ab initio*. "If a verbal or symbolic mark *or the features of a product design* may be registered under § 2, it necessarily is a mark 'by which the goods of the applicant may be distinguished from the goods of others.'" *Two Pesos,* 505 U.S. at 772, 23 U.S.P.Q.2d at 1085 (quoting 60 Stat. 428) (emphasis added). A product feature, even if not registered, "remain[s] inherently capable of distinguishing the goods of the users." *Id.*, 23 U.S.P.Q. at 1085. As Justice White noted, product features can be presumptively protected, and the underlying premise of the Second Circuit's test for inherently distinctive trade dress ignores the Court's mandate. The Second Circuit's test for inherently distinctive product configurations is, therefore, premised upon an erroneous view of the law.

3. THE *ABERCROMBIE* FACTORS ARE VERY APPLICABLE TO PRODUCT DESIGNS WHEN THE COMPETITIVE FIELD IS CONSIDERED

Abercrombie is admittedly difficult to apply to product designs. Whether a product design is "suggestive" or "fanciful" or "arbitrary" may often seem a wholly subjective inquiry. The *amicus* will show, however, that knowledge of the product field has nearly always been used to illuminate the inquiry. If the individual product design features are identified, and if the combined features are compared to the competitive field, then the *Abercrombie* factors are applicable and are workable.

A. A Properly Applied Analysis Focuses on The Product's Features and Not On The Product Itself

The analysis must be applied to the combined features of the trade dress. Each allegedly distinctive product design feature, or product packaging feature, must be identified before any analysis can be applied. *See, e.g., Two Pesos,* 505 U.S. at 765, 23 U.S.P.Q.2d at 1082; *Ashley Furniture Indus., Inc. v. SanGiacomo N.A. Ltd.,* 187 F.3d 363, 367, 51 U.S.P.Q.2d (BNA) 1609, 1610 (4th Cir. 1999) (finding a modern high-gloss polyester bedroom suite with classical elements, such as fluted, marble columns and

arches, was inherently distinctive). If other courts have considered "the product itself," *see Duraco,* 40 F.3d at 1438, 32 U.S.P.Q.2d at 1729, then those courts have impermissibly narrowed the Court's recent explanation of trade dress. *See Two Pesos,* 505 U.S. at 772, 23 U.S.P.Q.2d at 1085 (quoting 60 Stat. 428) (explaining "[i]f a verbal or symbolic mark *or the features of a product design* may be registered under § 2, it necessarily is a mark 'by which the goods of the applicant may be distinguished from the goods of others'") (emphasis added).

B. The Product's Combined Features Must Be Compared to the Field

Once the product design features have been identified, the alleged inherently distinctive trade dress must be compared with the competitive field. The trade dress is the "'total image and overall appearance'" of the product design. *See Two Pesos,* 505 U.S. at 764 n.1, 23 U.S.P.Q.2d at 1082 n.1 (quoting the district court's jury instructions). This "total image" must be distinctive

within the competitive field. Although each individual design feature may be old in the competitive field, or even ubiquitous, the total combination may still be distinctive.

Inherent distinctiveness has long been compared to the competitive field. The Supreme Court has already said a trademark distinguishes a name, device, or symbol "from like articles manufactured by others." *See Columbia Mill Co. v. Alcorn,* 150 U.S. 460 (1893). A polka-dotted household cleanser label distinguishes the product "from articles of like kind sold by others." *See In re Swift & Co.,* 106 U.S.P.Q. (BNA) 286, 289 (C.C.P.A. 1955). Judge Rich, in *In re Esso Standard Oil Co.,* found the "ESSO" label had "distinctive proportions and arrangement of elements" not found in the field. *See* 134 U.S.P.Q. (BNA) 402, 404 (C.C.P.A. 1962). Judge Rich, in dissent, felt the Seabrook Farms frozen food label was "inherently distinctive *in the field of frozen foods.*" *See Seabrook Foods, Inc. v. Bar-Well Foods Ltd.,* 196 U.S.P.Q. (BNA) 289, 293 (C.C.P.A. 1977) (J. Rich dissenting) (emphasis added). Judge Friendly even quoted a

generic mark is "'widely used by the general public *and people in the trade.*'" *See Abercrombie & Fitch Co. v. Hunting World, Inc.,* 189 U.S.P.Q. (BNA) 759, 766 (2d Cir. 1976) (emphasis added). A liquor bottle design, more recently, was unlike any industry practice. *See Paddington Corp. v. Attiki Importers & Distributors,* 27 U.S.P.Q.2d (BNA) 1189, 1193 (2d Cir. 1993). Knowledge of the competitive field greatly illuminates the distinctiveness of the trade dress.

C. Application of the *Abercrombie* Factors

Once the competitive field is known, the *Abercrombie* factors are very applicable. "Fanciful" product designs, for example, have at least one feature that is newly invented and unrelated to the product. "Fanciful" product designs, when compared with the competitive field, are now easily segregated from the competitive field.

"Arbitrary" product designs, similarly, are easily identified. "Arbitrary" product designs could have at least one feature that is borrowed from other product fields or other contexts. "Arbitrary" product designs could also have features that are commonly found in the competitive field, however, these features are distinctively combined. Knowledge of the competitive field, again, greatly illuminates the *Abercrombie* classification and objectifies the inquiry.

"Suggestive" and "descriptive" product designs, like "suggestive" and "descriptive" word marks, are difficult to demarcate. Courts and commentators have always had trouble demarcating the boundaries between these two classifications. *See, e.g., Abercrombie,* 189 U.S.P.Q. at 765; *In re Application of Reynolds Metals Co.*, 480 F.2d 902, 178 U.S.P.Q. (BNA) 296 (C.C.P.A. 1973) (finding BROWN-IN-BAG wordmark for plastic oven bags is "suggestive," while dissent found the mark to be "descriptive"). A "suggestive" product design is a combination of features that requires "imagination, thought and perception" to determine the nature of the goods. *See Abercrombie,* 189 U.S.P.Q.

at 765 (quoting *Stix Products, Inc. v. United Merchants & Manufacturers,* 295 F. Supp. 479, 488 (S.D.N.Y. 1968)). A "descriptive" product design includes a combination of features that describe a characteristic of the product. A "descriptive" product design may require secondary meaning. Although the "suggestive" and "descriptive" categories have always been difficult to demarcate, knowledge of the competitive field could greatly clarify the *Abercrombie* classification.

The competitive field quickly identifies "generic" product designs. Any combination of product features that commonly refers to the product or product class is "generic." Knowledge of the competitive field also allows the factfinder to quickly determine what combination of features has become ubiquitous. "Generic" product designs, when compared with the competitive field, are now easily segregated from the competitive field.

D. The Competitive Field Also Distinguishes Departures and Trends

The competitive field also helps determine when trade dress merely follows a trend or when trade dress departs from the field. Trade dress which departs from the competitive field is more deserving of inherent distinctiveness. Trade dress, however, which merely follows a trend in the field should require secondary meaning.

Abercrombie protects fanciful and arbitrary trade dress *ab initio*. "Fanciful" product designs, as mentioned in (C.) above, have features that are newly invented and also unrelated to the product. Because "fanciful" trade dress includes at least one newly invented feature, fanciful trade dress is easily identified as a "departure" from the field and deserves protection *ab initio*.

"Arbitrary" trade dress is also protected *ab initio*. "Arbitrary" product designs, as mention in (C.) above, have at least one feature that is borrowed from other product fields or other contexts. "Arbitrary" product designs could also have features that

are commonly found in the competitive field, however, these features are distinctively combined. Those product designs that borrow at least one feature from other product fields are, again, easily identified as a "departure" and deserve protection *ab initio*.

A combination of common features, although novel, should not be protected *ab initio* if the combination follows a trend in the competitive field. As some courts have already mentioned, not every trivial, but novel, combination of common features deserves protection *ab initio*. *See Ashley Furniture,* 187 F.3d at 374, 51 U.S.P.Q. at 1616; *Seabrook,* 196 U.S.P.Q. at 291. Those product designs that are a mere refinement of a trend in the field cannot be inherently distinctive. *See In re E.S. Robbins Corp.,* 30 U.S.P.Q.2d (BNA) 1540 (T.T.A.B. 1992) (finding although a floor mat was not identical to the competition, the floor mat only differed in shape). Trends in the competitive field can separate inherently distinctive trade dress from that requiring secondary meaning.

E. Once *Abercrombie* Is Applied In View Of The Competitive Field, Functional Features Are Considered

Established trademark principles exclude protection for functional features. *See,e.g., Qualitex Co. v. Jacobson Products Co.,* 514 U.S. 159, 164-65 (1995); *In re Morton-Norwich Products, Inc.,* 213 U.S.P.Q. (BNA) 9, 12-18 (C.C.P.A. 1982). The *amicus* shall not burden the Court with further recitation of this accepted trademark principle.

4. ONE LAST COMMENT: THE ABOVE TEST FOR INHERENT DISTINCTIVENESS IS APPLICABLE TO PRODUCT DESIGN AND PRODUCT PACKAGING

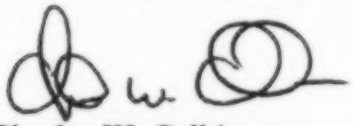
The *amicus* cautions the Court. The Court must clarify that the *Abercrombie* analysis discussed above is applicable to both product design and product packaging. Many courts and

commentators distinguish between inherently distinctive "product design" and inherently distinctive "product packaging." *See, e.g., Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.,* 111 F.3d 993, 42 U.S.P.Q. (BNA) 1348 (2d. Cir. 1997); *Ashley Furniture,* 187 F.3d at 365, 51 U.S.P.Q. at 1612. If the Court only discusses "product design," the door will be open for continued disagreement over the test for inherently distinctive "product packaging." There is, for example, much disagreement whether the restaurant trade dress in *Two Pesos* was "product packaging" or "product design." *See Ashley Furniture,* 187 F.3d at 366, 51 U.S.P.Q. at 1613. The Court would eliminate continued confusion and disagreement by expressly deciding the *Abercrombie* factors, when applied in view of the product field, are applicable to both "product design" and "product packaging."

CONCLUSION

For the foregoing reasons, the judgment below should be reversed and the case remanded for further proceedings.

Respectfully submitted,



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IN THE
Supreme Court of the United States

WAL-MART STORES, INC.,
Petitioner,
v.
SAMARA BROTHERS, INC.,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

BRIEF FOR ASHLEY FURNITURE INDUSTRIES, INC.; DONGHIA FURNITURE/TEXTILES, LTD.; DRAPER-DBS, INC.; DREXEL HERITAGE FURNITURE COMPANY; EMECO, INC.; FOUNDATION FOR DESIGN INTEGRITY; IMAGINEERING, INC.; L & J.G. STICKLEY, INC.; LANDSCAPE FORMS, INC.; 1168983 ONTARIO, LTD.; PEBBLE BEACH CO.; PETE'S STEAKHOUSE, INC.; PINEHURST, INC.; TACO CABANA, INC.; AND WILLITTS DESIGNS INTERNATIONAL, INC. AS *AMICI CURIAE* SUPPORTING RESPONDENT

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QUESTION PRESENTED

The Court limited its grant of review to the following question:

What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade-dress protection?

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IN THE
Supreme Court of the United States

No. 99-150

WAL-MART STORES, INC.,
Petitioner,
v.
SAMARA BROTHERS, INC.,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

BRIEF FOR ASHLEY FURNITURE INDUSTRIES, INC.; DONGHIA FURNITURE/TEXTILES, LTD.; DRAPER-DBS, INC.; DREXEL HERITAGE FURNITURE COMPANY; EMECO, INC.; FOUNDATION FOR DESIGN INTEGRITY; IMAGINEERING, INC.; L & J.G. STICKLEY, INC.; LANDSCAPE FORMS, INC.; 1168983 ONTARIO, LTD.; PEBBLE BEACH CO.; PETE'S STEAKHOUSE, INC.; PINEHURST, INC.; TACO CABANA, INC.; AND WILLITTS DESIGNS INTERNATIONAL, INC. AS *AMICI CURIAE* SUPPORTING RESPONDENT

In accordance with Rule 37 of the Rules of this Court, the *amici curiae* submit this brief in support of respondent. All parties have consented to the submission of this brief through letters filed with the Clerk of the Court. Counsel for *amici curiae* authored this brief in its entirety, and no other person or entity, besides *amici curiae*, has made a monetary contribution to the preparation of this brief.

INTEREST OF *AMICI CURIAE*

Amici curiae consist both of a trade association with members that design a wide variety of products and of numerous enterprises, both large and small, old and new, market leaders and relatively new entrants that offer a variety of products and services, including architectural services, carpets, clocks, commercial and home office amenities, cabinets, commercial/retail/mall site furnishings, fabrics, golf course services, high-end outdoor furniture, home furnishings, interior design and decorating services, interior furniture, lighting and lamps, restaurant services, a variety of collectibles, and wallpaper. *Amici* have a common interest in this case because each seeks to distinguish its broad range of products or services with trade dress making them readily distinguishable from its competitors' products and services. *Amici* spend considerable time and money in selecting such trade dress and spend even more time and money in using it as a means of distinguishing their products and services. It is, therefore, important to *amici* that this Court adopt a sensible and workable standard for granting immediate protection for inherently distinctive product designs under the Lanham Act.

SUMMARY OF ARGUMENT

This Court should adopt the test set forth in *Seabrook Foods, Inc.* v. *Bar-Well Foods Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977), as the test to determine whether trade dress is inherently distinctive and thus entitled to immediate trade dress protection under the Lanham Act. This test—which accords protection to trade dress that is "unique or unusual in a particular field," *id.* at 1344, but not to common or merely refined trade dress—is intelligible and familiar to businesses, to federal courts, and to the United States Patent and Trademark Office. In addition, it reflects the manner in which members of the business community operate in attempting to build their businesses on distinctive trade dress, and it will allow consumers to distinguish the products and services of businesses using distinctive trade dress from those of their respective competitors.

I. Although petitioner argues that product designs should be protectable only upon proof of secondary meaning—saying, in essence, that *nothing* can be shown to establish a product design as inherently distinctive—this argument fails on several fronts. To begin with, the effort to cobble together a statutory argument to that effect, by pointing to the terms used in §§ 23(c) and 45 of the Lanham Act, simply does not work: nothing in the Act suggests that the "marks" listed in § 23(c)—which include virtually everything that qualifies for protection under the Lanham Act—cannot be deemed inherently distinctive, nor is there any basis for concluding that the term "configuration of goods" is somehow excluded from the definition of the term "trademark" in § 45. To the contrary, as this Court has recently recognized, that definition has long received a broad, inclusive construction, and in 1988 Congress declined to narrow the definition, thereby deliberately leaving undisturbed certain terms (*i.e.*, "symbol, or device") that had been historically applied to shapes and configurations. *See, e.g., Qualitex Co.* v. *Jacobson Prods. Co.*, 514 U.S. 159, 172 (1995). Finally, the theory offered by petitioner would, if accepted, effectively require the overruling of *Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763 (1992), which recognized immediate protection for trade dress that, under this theory, would be entitled to protection only after a showing of secondary meaning.

II. The *Seabrook* test—granting protection to trade dress that is "unique or unusual in a particular field"—

provides a sensible, workable standard that is recognized by the Patent and Trademark Office and by various federal courts. Unlike other tests (*e.g.*, whether a trade dress is "likely to be understood" as an identifier of source), it asks an ultimate, rather than a preliminary, question and, at the same time, provides a comprehensible basis for answering it. Producers and their competitors, therefore, can utilize the standard to determine, with a reasonable degree of assurance, whether a product design so stands out from other product designs that it is entitled to immediate protection. Moreover, the *Seabrook* test, by its very simplicity, avoids the need to venture into confusing side issues such as whether a particular trade dress amounts to product design or packaging, whether the design primarily serves an aesthetic or source-identifying function, or whether the design is "conceptually separable" from the product itself. These almost metaphysical inquiries—usually prominent in courts of appeals that are hostile to immediate protection for trade dress—are of little value and add a needless ambiguity to the process of deciding what product designs do, in fact, serve as indicators of source.

The *Seabrook* test is also consistent with the familiar test for word marks set forth in *Abercrombie & Fitch Co.* v. *Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). The *Seabrook* test, like that in *Abercrombie*, groups marks into categories along a sliding scale, ranging from common designs (unprotectable), to modifications of common designs (protectable with secondary meaning), to truly unique and unusual designs (immediately protectable). These categories mirror, in substance, the continuum of word marks—from generic to descriptive to suggestive, arbitrary, and fanciful—without, however, bringing into play the conceptual difficulties of applying terms fashioned for word marks to physical objects.

III. The *Seabrook* test provides important benefits to businesses and competitors alike. This Court has noted that immediate protection for inherently distinctive trade dress allows businesses, particularly start-up businesses, to generate and secure goodwill for their products. *See Two Pesos*, 505 U.S. at 771, 774. The *Seabrook* test accords that protection to truly unique and unusual product designs. At the same time, it leaves competitors free to copy trade dress that is commonplace in the field or represents only a modest departure from common designs. Furthermore, under the *Seabrook* test (or any other), the functionality doctrine gives competitors the right to use even unique and unusual trade dress so long as the trade dress is one of only a few efficient choices and protection of that trade dress would put competitors at a significant non-reputational disadvantage. *See Qualitex*, 514 U.S. at 164-65.

IV. The judgment in this case may be affirmed under the *Seabrook* test. The district court, in finding that respondent's designs were distinctive by comparison to its competitors' designs, specifically relied upon the test. On appeal, the Second Circuit, while not invoking the test by its own terms, nonetheless employed the same reasoning to determine that the trade dress had a "distinctive overall look." Pet. App. 15. Given that analysis, the court of appeals' discussion of respondent's intent—as evidence of the purpose of the trade dress—is essentially beside the point. There is thus no need to remand the case for further proceedings.

ARGUMENT

I. THE LANHAM ACT PROTECTS INHERENTLY DISTINCTIVE PRODUCT DESIGNS WITHOUT PROOF OF SECONDARY MEANING

A. The Trademark Act of 1946 (the "Lanham Act") is the federal trademark statute. 15 U.S.C. §§ 1051-

1127. The Lanham Act prohibits the unauthorized use of a federally registered or unregistered trademark or trade dress. *See Qualitex*, 514 U.S. at 164; *Two Pesos*, 505 U.S. at 766-69; 15 U.S.C. §§ 1114(1), 1125(a). As the term has been used by this Court, "[t]he 'trade dress' of a product is essentially its total image and overall appearance." *Two Pesos*, 505 U.S. at 764 n.1 (internal quotation marks omitted). "It 'involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.'" *Id.* (quoting *John H. Harland Co.* v. *Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983)).

"The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers." *Park 'N Fly, Inc.* v. *Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985); *accord Two Pesos*, 505 U.S. at 782 n.15 (Stevens, J., concurring). As this Court explained in *Qualitex*, the Lanham Act, by prohibiting infringement, "assure[s] a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product," 514 U.S. at 164; it "thereby encourage[s] the production of quality products and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of the item offered for sale." *Id.* Moreover, by barring the unauthorized use of a mark, the Act "reduce[s] the customer's costs of shopping and making purchasing decisions, for it quickly and easily assures a potential customer that *this* item—the item with the mark—is made by the same producer as other similarly marked items that he or she liked (or

disliked) in the past." *Id.* at 163-64 (internal quotation marks omitted).

Given the purposes of the Lanham Act—source identification and the preservation of goodwill—it is well-settled that, to prevail on a claim for infringement, a plaintiff must prove, among other things, that its mark or trade dress is sufficiently distinctive, *i.e.*, that it serves as an identifier of source to consumers. *See, e.g., Two Pesos*, 505 U.S. at 769. If consumers are likely to assume from the outset that a mark or trade dress serves as an identifier of source, it is "inherently distinctive" and granted immediate protection. *See, e.g., id. at* 768-69, 773-74. Otherwise, the Act provides protection only if it in fact functions in that manner—that is, if it acquires "secondary meaning." *See id.*

These principles apply both in deciding whether a mark or dress is entitled to protection for infringement and in determining whether it is eligible for federal registration on either the "Principal Register" or the "Supplemental Register." *See id.*; 2 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 19:42 (4th ed. 1999) [hereafter "McCarthy"]. Specifically, § 2 of the Lanham Act provides for federal registration on the "Principal Register" of a "trademark" that is either inherently distinctive or has acquired secondary meaning.[1] *See Qualitex*, 514 U.S. at 162-63; *Two Pesos*, 505 U.S. at 768-69; 1 McCarthy § 7:94; 3 McCarthy §§ 19:10, 19:42. A trademark that meets neither of those conditions, but that might in the future acquire secondary

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[1] The term "trademark" is defined in § 45 as follows: "The term 'trademark' includes any word, name, symbol, or device, or any combination thereof used by a person . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C. § 1127.

meaning, is registrable only on the "Supplemental Register."[2] *See* 3 McCarthy § 19:42; 2 McCarthy § 11:51. Once a trademark that is on the Supplemental Register acquires secondary meaning, it becomes registrable on the Principal Register. *See* 3 McCarthy § 19:42.

It has long been understood that inherently distinctive trade dress, including inherently distinctive packaging and product designs, is encompassed within the meaning of the term "trademark" in § 45—and thus registrable on the Principal Register—without proof of secondary meaning. The United States Patent and Trademark Office ("PTO") has taken that position for more than 30 years, and numerous courts, including the Federal Circuit and its predecessor (granted special jurisdiction to review PTO decisions), have endorsed it. *See generally* 1 McCarthy § 7:94. Furthermore, this Court in *Two Pesos,* in concluding that inherently distinctive trade dress—like an inherently distinctive word mark—is protectable under § 43(a) of the Lanham Act without proof of secondary meaning, stated flatly that there is no "textual basis" in the Lanham Act "for treating inherently distinctive verbal or symbolic trademarks differently from inherently distinctive trade dress." 505 U.S. at 774. As a result, "[if] a package, container or product configuration is inherently distinctive, it is registrable on the Principal Register with-

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[2] Section 23 of the Lanham Act provides for a Supplemental Register for "all *marks* capable of distinguishing applicant's goods or services and not registrable on the principal register herein provided." 15 U.S.C. § 1091(a) (emphasis added). The term "marks" is defined in § 23(c) as follows: "[f]or the purpose of registration on the supplemental register, a mark may consist of any trademark, symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral, device, any matter that as a whole is not functional, or any combination of any of the foregoing, but such mark must be capable of distinguishing the applicant's goods or services." *Id.* § 1091(c).

out any proof of secondary meaning." 1 McCarthy § 7:94.

B. Notwithstanding this accepted practice and authority, petitioner now contends (Br. 11-14) that certain trade dress ("product configuration" trade dress) cannot be protected under § 43(a) of the Lanham Act or registered on the Principal Register without proof of secondary meaning. Although the exact nature of this argument is somewhat unclear, the theory rests almost entirely on the observation that § 23(c) of the Act includes the term "configuration of goods" as part of the definition of "marks" registrable on the Supplemental Register. But that fact plainly does not mean that a "configuration of goods" cannot be inherently distinctive (or immediately registrable on the Principal Register): other categories of "marks" listed in § 23(c) include "symbol[s]," "name[s]," "word[s]," "slogan[s]," and "device[s]"—indeed virtually the entire range of protectable marks—all of which can be inherently distinctive and registered, without proof of secondary meaning, on the Principal Register. The definition of "marks" thus does not serve, and is not intended to serve, as a means of separating categories of marks that can be inherently distinctive from categories of marks that cannot.[3]

There is also nothing to be read into the fact that the definition of "marks" lists "trademark" and "configuration of goods" separately. Although petitioner tries to suggest that this alternative usage has some meaning—saying that it "plainly distinguished between 'trade-marks' and 'configuration of goods'" (Br. 17)—the only possible meaning that petitioner might have in mind is that the two

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[3] The predominant, if not sole, aim of establishing the Supplemental Register was to enable Americans to obtain trademark protection in foreign nations that required some kind of domestic registration as a precondition. *See* 3 McCarthy § 19:33.

categories of marks are mutually exclusive: *i.e.*, that a configuration of goods is not (and cannot be) a trademark. If this were right, however, it would lead to the conclusion that a configuration of goods cannot be protected at all, even with proof of secondary meaning—a position that is at odds with petitioner's own theory as well as the necessary implications of § 23(c). In any event, the suggestion is manifestly not right: many of the other classes of marks included in § 23(c)—for example, "word[s]," "symbol[s]," and "device[s]"—are obviously trademarks under any theory, having been expressly included in the definition of "trademark" in § 45. The separate listing of various marks in § 23(c) thus does not mean that one may not be included in another.

For related reasons, it does not matter that the term "configuration of goods" is not expressly set forth in the definition of "trademark" in § 45. Again, all this omission could mean for purposes of petitioner's argument is that a configuration cannot be a trademark under any circumstances, and petitioner, as we have noted, does not argue that. Furthermore, as this Court observed in *Qualitex*, § 45 defines the universe of things that can qualify as a trademark "in the broadest of terms . . . . Since human beings might use as a 'symbol' or 'device' almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive." 514 U.S. at 162. And, in 1988, Congress deliberately elected to retain the words "symbol" and "device" in § 45 "so as not to preclude the registration of colors, *shapes*, sounds, or *configurations* where they function as trademarks." *Qualitex*, 514 U.S. at 172 (emphasis added) (quoting S. Rep. No. 100-515, 100th Cong., 2d Sess. 36 (1988) *reprinted in* 1988 U.S.C.C.A.N. 5577, 5607).[4]

[4] This purposeful choice by Congress in 1988 demonstrates its recognition that, in the dynamic late-century marketplace, a wide variety of marks serve as identifiers of source. Even if that was less true in the marketplace of the late 1930s, there is no indication in § 23(c), or in the legislative history of that section (Pet. Br. 16-17), that Congress meant to lock into place the prevailing practices at that time.

In short, nothing in § 23(c) or in § 45, or in the two sections taken together, is reasonably read to declare that a configuration of goods is protectable only upon a showing of secondary meaning. Indeed, in the well-known case, *In re International Playtex Corp.*, 153 U.S.P.Q. 377, 378 (T.T.A.B. 1967), the TTAB expressly rejected essentially the same argument now advanced by petitioner, holding that an ice cream cone shaped "package" was registrable on the Principal Register without proof of secondary meaning, even though the term "package" was included in § 23(c) but not in the definition of "trademark" in § 45. In keeping with that decision, the PTO has registered numerous product designs on the ground that they were inherently distinctive. *See* 1 McCarthy § 7:94; Arthur Seidel, *The Procurement of Trademark Registrations For The Configuration of Three Dimensional Articles*, C461ALI-ABA 109 at 128 n.8 (1989). Petitioner's effort to turn back the clock is too little, too late.

Finally, we note that the argument advanced by petitioner would effectively require the Court to overrule its decision in *Two Pesos*. In that case, this Court held that inherently distinctive trade dress (there, a Mexican restaurant decor) was protectable under § 43(a)—and thus registrable on the Principal Register under § 2 (which, in turn, incorporates the term "trademark" as defined in § 45)—without proof of secondary meaning. *See* 505 U.S. at 765, 768-69, 772-74. Although the Court did not

expressly determine whether the trade dress at issue was "product configuration" or "product packaging," it was plainly one or the other.[5] If petitioner were right about the interplay between §§ 23(c) and 45, however, it would mean that this Court was wrong to accord immediate protection to that trade dress, because *both* the term "package" and the term "configuration of goods" are found in § 23(c), but not in § 45. There is no reason to revisit the holding in *Two Pesos*: the Lanham Act gives immediate protection to inherently distinctive trade dress, without proof of secondary meaning, regardless of whether it is characterized as packaging or product design.[6]

In short, the statutory argument made by petitioner is incorrect and should be rejected. With that out of the way, the case thus turns on the question posed by the Court: "What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade-dress protection?" We discuss that issue in the following sections.

II. THIS COURT SHOULD ADOPT THE STANDARD SET FORTH IN *SEABROOK*

A. We believe that the proper standard for determining whether trade dress is inherently distinctive is the standard set forth in *Seabrook*: whether the trade dress is

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[5] *Compare Ashley Furniture Indus., Inc.* v. *Sangiacomo N.A. Co.*, 187 F.3d 363, 370 (4th Cir. 1999) *and Stuart Hall Co.* v. *Ampad Corp.*, 51 F.3d 780, 788 (8th Cir. 1995) *with Duraco Prods., Inc.* v. *Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1442 (3d Cir. 1994).

[6] Since the decision in *Two Pesos*, the courts of appeals have uniformly held that inherently distinctive product designs are protectable under § 43(a), without proof of secondary meaning. *See, e.g., Ashley*, 187 F.3d at 370-75; *I.P. Lund Trading ApS & Kroin, Inc.* v. *Kohler Co.*, 163 F.3d 27, 39-41 (1st Cir. 1998); *Insty*Bit, Inc.* v. *Poly-Tech Indus., Inc.*, 95 F.3d 663, 666, 673 (8th Cir. 1996); *Dorr-Oliver, Inc.* v. *Fluid-Quip, Inc.*, 94 F.3d 376, 379-80 (7th Cir. 1996); *Imagineering, Inc.* v. *Van Klassens, Inc.*, 53 F.3d 1260, 1263-64 (Fed. Cir. 1995); *Stuart Hall*, 51 F.3d at 784-88; *Duraco*, 40 F.3d at 1446, 1448-51.

"unique or unusual in a particular field." 568 F.2d at 1344. As the court in *Seabrook* observed, the general question to be asked is whether a particular trade dress "makes such an impression on consumers that they will assume [plaintiff] to be the source of the goods upon seeing a similar design on identical or closely related goods." *Id.* To answer this question, the court then conducted an inquiry of three related parts, looking to whether the trade dress at issue is "a 'common' basic shape or design, whether it [is] unique or unusual in a particular field, or whether it [is] a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods." *Id.* If a trade dress is "unique or unusual in a particular field"—in the sense that it is readily identifiable from all other competitive trade dresses—then it is inherently distinctive, and protectable without proof of secondary meaning, because it will automatically be perceived by customers as an indicator of origin. *See id.* at 1344-45; *Ashley Furniture Indus., Inc.* v. *Sangiacomo N.A. Co.*, 187 F.3d 363, 371, 374-75 (4th Cir. 1999); *I.P. Lund Trading ApS & Kroin, Inc.* v. *Kohler Co.*, 163 F.3d 27, 40-41 (1st Cir. 1998); *Landscape Forms, Inc.* v. *Columbia Cascade Co.*, 113 F.3d 373, 378 n.3 (2d Cir. 1997); 1 McCarthy § 8:13. If, on the other hand, a trade dress is merely a "refinement on a commonly-adopted theme" or a "common basic shape of design," it is not inherently distinctive, and can be protected, if at all, only upon proof of secondary meaning. *Id.; see Wiley* v. *American Greeting Corp.*, 762 F.2d 139, 141-42 (1st Cir. 1985).

This basic test—whether trade dress is "unique or unusual in a particular field"—provides a standard that is helpful to litigants and easy for the federal courts and the PTO to administer. First and foremost, by linking in-

herent distinctiveness to whether a particular trade dress is readily identifiable from all other competitive trade dress, the *Seabrook* test formulates the relevant inquiry in a manner that provides an immediate basis for resolving it: protection hinges, not on application of some abstract concept, *e.g.*, "is this design capable of being a source identifier?", but on an *objective comparison* of the trade dress at issue and competing trade dresses in the marketplace. *See Landscape*, 113 F.3d at 378 n.3. The test is therefore immediately useful to litigants and courts, because it identifies, in concrete terms, what actually makes a trade dress inherently distinctive.

This focus on the ultimate question makes the *Seabrook* test stand out from many of the competing tests for determining inherent distinctiveness. Various courts of appeals have adopted legal standards that, while serving to frame the issue, do not explain how to determine whether a particular trade dress meets the standard. For example, to be inherently distinctive in the Fourth Circuit, a trade dress must be "capable of identifying a product," *Ashley*, 187 F.3d at 372 (internal quotation marks omitted); in the Second Circuit, it must be "likely to be understood as an indicator of the product's source," *Landscape*, 113 F.3d at 378; and, in the Third Circuit, it must be "likely to serve primarily as a designator of origin of the product," *Duraco Prods., Inc.* v. *Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1448-49 (3d Cir. 1994). But these tests pose the governing legal standard at such a high level of generality that they necessarily require still further inquiries in order to identify what renders a trade dress "capable of identifying a product," "likely to be understood as an indicator of the product's source," or "likely to serve primarily as a designator of origin of the product." *See* U.S. Br. 27-28. These tests, therefore, simply postpone the critical inquiry —the inquiry posed immediately by the *Seabrook* test—

and leave litigants and courts pondering how to determine whether a particular trade dress is or is not inherently distinctive.

In addition to asking an ultimate (rather than a preliminary) question, the *Seabrook* test articulates a legal standard that is plainly intelligible to businesses and courts: is the overall appearance of the trade dress in question so unique or unusual that it is readily identifiable among its peers? If it is, then the trade dress is inherently distinctive. *See Krueger Int'l, Inc.* v. *Nightingale, Inc.*, 915 F. Supp. 595, 603 (S.D.N.Y. 1996) ("The *Seabrook* test is the most useful . . . because it clarifies the importance of market context."); *id.* ("Any test of inherent distinctiveness must ask 'Inherently distinctive as compared to what?' "). In this regard, the *Seabrook* standard mirrors what businesses do on a daily basis in designing products to bring to market, and businesses are thus particularly well-positioned to apply it without the need for expert guidance. As Chief Judge Posner of the Seventh Circuit put it: "Everyone can recognize when a product has a 'distinctive' appearance, without having been tutored in the meaning of 'distinctiveness.' " *Publications Int'l, Ltd.* v. *Landoll, Inc.*, 164 F.3d 337, 339 (7th Cir. 1998), *cert. denied*, 119 S. Ct. 1498 (1999).[7]

Given that the *Seabrook* test asks a practical, understandable question that makes sense for product designs, it is not surprising that many federal courts and the PTO have turned to it in order to answer whether a particular product design is an inherently distinctive trade dress.

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[7] Consistent with this observation, the PTO requires for registration on the Principal Register a pictorial depiction to identify the product design. In addition, the PTO requires a description in words, but admonishes that it should be kept "to a minimum." *See* United States Department of Commerce, Patent and Trademark Office, *Trademark Manual of Examining Procedure* § 1202.03(c) (2d ed. rev. 1:1, April 1997).

Indeed, the *Seabrook* standard has been applied by the federal courts and the PTO for more than twenty years without difficulty. *See, e.g., Ashley,* 187 F.3d at 371, 374-75; *Tone Bros., Inc.* v. *Sysco Corp.*, 28 F.3d 1192, 1205-06 (Fed. Cir. 1994); *Ambrit, Inc.* v. *Kraft, Inc.*, 812 F.2d 1531, 1536-37 (11th Cir. 1986); *Wiley,* 762 F.2d at 141-42; *In re Hudson News,* 39 U.S.P.Q.2d 1915, 1921-25 (T.T.A.B. 1996). The federal courts, the PTO and litigants have had extensive experience with the *Seabrook* test and have deemed it a workable and fair test for resolving the issue of what makes a trade dress inherently distinctive. The *Seabrook* standard, therefore, has the added virtues of familiarity and predictability.[8]

B. The *Seabrook* test is also consistent with a well-established body of legal doctrine concerning the protectability of word marks under the Lanham Act. By adopting the *Seabrook* standard, therefore, this Court would provide substantially uniform standards of protection under the Lanham Act. This uniformity is in keeping with the statutory scheme as a whole: as the Court noted in *Two Pesos,* 505 U.S. at 773, "the protection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition."

The protection of word marks under the Lanham Act is commonly determined by reference to the "classic formulation" set out by Judge Friendly in *Abercrombie,* 537

[8] In its amicus brief, the AIPLA also argues that this Court should adopt the *Seabrook* test. In addition, however, it states (Br. 4) that this Court should permit consideration of other evidence "tending to show" that the particular product design trade dress would serve as a source identifier. We agree with this suggestion to the extent that it would allow for a wide range of evidentiary showings that a particular trade dress is unique and unusual in its particular field. But, insofar as this evidence might lead to an overriding of the standard itself—*i.e.*, granting protection to trade dress that is not unique or unusual, or denying protection to trade dress that is unique or unusual—we think that any departure from the approach set forth in *Seabrook* is both unnecessary and unwise.

F.2d at 9-11. *Two Pesos*, 505 U.S. at 768. Under *Abercrombie*, marks are divided into five categories under a sliding scale of distinctiveness, *i.e.*, fanciful, arbitrary, suggestive, descriptive and generic. Marks that are fanciful, arbitrary or suggestive are inherently distinctive and immediately protectable, without regard to secondary meaning, "because their intrinsic nature serves to identify a particular source of a product." *Id.* On the other hand, marks that are "merely descriptive" of the underlying product require proof of secondary meaning in order to be protectable. *Id.* at 769. Marks that are generic, *i.e.*, those that refer to a genus of which the particular product is a species, are not protectable marks at all. *Id.* at 768.

Words, like product designs, range along a spectrum from the common to the highly unusual. For example, given that inherently distinctive word marks do not just describe attributes of the underlying product, they are likely to be uncommon in the market for competitive products. The *Abercrombie* formulation presumes that word marks are inherently distinctive if they are "unique" or "unusual" in the sense that they are likely to stand out from the crowd. *See, e.g., Fisions Horticulture, Inc.* v. *Vigoro Indus., Inc.*, 30 F.3d 466, 478-79 (3d Cir. 1994); *Wynn Oil Co.* v. *Thomas,* 839 F.2d 1183, 1190 n.4 (6th Cir. 1988). Conversely, the *Abercrombie* standard withholds immediate protection to merely descriptive and generic word marks "because their common occurrence makes it difficult for them to stand out as source identifiers." 2 McCarthy § 11:87; *accord* 1 McCarthy § 7:23. The classification scheme thus serves as a sorting mechanism, singling out for immediate protection those word marks that are unique and unusual among their peers (and thus likely to serve as source identifiers), and withholding immediate protection for those word marks that are common in the competitive market (and thus not likely to be viewed as source identifiers).

The *Seabrook* test is consistent with this basic continuum. Like the *Abercrombie* formulation, the *Seabrook* test uses a sliding scale of distinctiveness to determine whether a trade dress is inherently distinctive and protectable without proof of secondary meaning. Shapes or designs that are widely used within a particular field, like generic words, receive no protection; common shapes or designs that are not widely used in a particular field or minor variations on an existing shape or design in a particular field, like merely descriptive words, are protected only with secondary meaning; and unique or unusual designs in a particular field, like suggestive, arbitrary or fanciful words, receive immediate protection without proof of secondary meaning. Moreover, the *Seabrook* test performs the same sorting function as the *Abercrombie* test, and in essentially the same way: by asking whether a particular trade dress is so unique and unusual that it is readily identifiable from all other competitive trade dress, the *Seabrook* test—like that in *Abercrombie*—identifies for immediate protection trade dress that so stands out from the crowd that it will automatically serve to identify source. Accordingly, it has been recognized that the approach taken in *Seabrook* is consistent with the classifications set forth in *Abercrombie*. *See Stuart Hall Co.* v. *Ampad Corp.*, 51 F.3d 780, 786 (8th Cir. 1995) (stating that *Seabrook* is a "widely adopted standard, based on *Abercrombie* classifications"); *see also* Graeme B. Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 N.C. L. Rev. 471, 513 (1997) [hereafter "Dinwoodie"] ("*Seabrook*, which measures industry rather than lexicographic significance, is arguably even more attuned to consumer perception than verbal mark analysis by virtue of its express market orientation.").

The *Seabrook* test, however, avoids the pitfalls of trying to apply *Abercrombie* literally to product designs. As the

Third Circuit has explained, product designs are fundamentally different from word marks in that there is no "dialectical" relationship between the trade dress and the underlying product. *Duraco*, 40 F.3d at 1440-41. It thus "makes little sense" to apply the *Abercrombie* linguistic terms to product designs by asking, for example, whether a particular product configuration for a chair "describes" the chair or "suggests" the chair. *Knitwaves, Inc.* v. *Lollytogs Ltd.*, 71 F.3d 996, 1007 (2d Cir. 1995); *Krueger*, 915 F. Supp. at 601. For that reason, Professor Dinwoodie has stated that the *Abercrombie* formulation "is ill-suited to determine the inherent distinctiveness of shapes generally and of product design in particular." Dinwoodie at 509; *see also* U.S. Brief 16.

It is true that a few courts have tried to strictly apply the linguistic analysis in *Abercrombie* to product designs. *See, e.g., Pebble Beach Co.* v. *Tour 18 I Ltd.*, 155 F.3d 526, 540-41 (5th Cir. 1998); *Lainer* v. *Bandwagon, Inc.*, 983 F. Supp. 292, 300-01 (D. Mass. 1997). But the awkward reasoning of those decisions serves only to illustrate the problems inherent in applying the test out of its natural context. Using the *Abercrombie* classifications, each court ultimately held that the particular product design had to be regarded as "merely descriptive" because consumers would know immediately what they were looking at. *See Pebble Beach*, 155 F.3d at 540-41 (golf course design); *Lanier*, 983 F. Supp. at 300-01 (back scratcher).[9] But this conclusion could be reached about virtually *any* product design: a product design that kept consumers in

[9] In the *Pebble Beach* case, for example, the Fifth Circuit reasoned that, under *Abercrombie*, the overall design of a golf hole could not be "arbitrary" or "fanciful" because a golf hole is the product itself, and thus the design bears a relationship to the product, and could not be "suggestive" because a golfer looking at a golf hole knows that he is looking at a golf hole. 155 F.3d at 540-41. Thus, by process of elimination, the court concluded that the golf holes must be "merely descriptive" and not protectable without proof of secondary meaning. *Id.*

the dark about the nature of the product would be doomed to failure in the marketplace. *See* Dinwoodie at 520. Indeed, customers looking at the restaurant decor in *Two Pesos*—a decor that, according to this Court, was entitled to immediate protection under the Lanham Act—would obviously know that they were looking at a Mexican restaurant. Under the linguistic analysis of *Abercrombie*, however, that trade dress would not be inherently distinctive.[10]

We note, in passing, that some courts have sought a middle ground, holding to the literal terms of *Abercrombie* but trying to translate them into more useful criteria. These courts have adopted their own sliding-scale test, providing that if the trade dress reflects an industry custom, it is essentially generic; if the trade dress is one of a few choices, it is descriptive; and if it is one of a large number of choices, then it is inherently distinctive. *See, e.g., Fun-Damental Too, Ltd.* v. *Gemmy Indus. Corp.*, 111 F.3d 993, 1000-01 (2d Cir. 1997); *Kompan, Inc.* v. *Park Structures, Inc.*, 890 F. Supp 1167, 1173-74

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[10] A product design can both tell consumers what a product is *and* serve as an identifier of source. *See* Dinwoodie at 602-03. Purely linguistic analysis of product designs fails to recognize this dual effect, however, because, insofar as it treats product designs as descriptive, it does not allow for the critical determination of whether the overall design is "merely" descriptive (and thus not protectable without secondary meaning) or inherently distinctive (and thus immediately protectable). The key is the word "merely." In word mark cases, even if the producer uses a word as part of a mark that immediately tells the consumer what the product is, secondary meaning is not required if the entire mark is neither generic nor merely descriptive. *See, e.g., Lone Star Steakhouse & Saloon, Inc.* v. *Alpha of Virginia, Inc.*, 43 F.3d 922, 936 (4th Cir. 1995) ("Lone Star Steakhouse" for restaurant services is inherently distinctive); 2 McCarthy § 11:26. Similarly, in product design cases, consumers may know what the product is, but the overall design may still function as a source identifier because, as *Seabrook* and other tests recognize, "product designs" can and do serve "multiple functions." Dinwoodie at 602-03; *infra* p. 22.

(N.D.N.Y. 1995); *see also* 2 McCarthy § 11:68. This form of analysis, unlike more wooden applications of *Abercrombie*, does take account of the differences between words and product designs, as well as looking to the marketplace for practical guidance about the distinctiveness of a particular design. We believe, however, that the *Seabrook* standard—which is fully consistent with, but not confusingly dependent on, the *Abercrombie* formulation—is, by virtue of its familiarity and established use, a more suitable standard to be adopted by this Court.

C. The *Seabrook* test—unlike more abstract and complicated tests utilized by the Second and Third Circuits—also avoids the need to debate various side issues that make the inquiry more confusing. Thus, for example, the *Seabrook* test applies equally to protection of product design and product packaging, obviating a difficult (and, we think, pointless) effort to draw a distinction between the two. Although both the Second and Third Circuits have indicated that packaging should receive greater trade dress protection than product designs, *see Knitwaves*, 71 F.3d at 1007-08; *Duraco*, 40 F.3d at 1448, it is often a bewildering task to tell whether a particular trade dress should be characterized as "product packaging" or "product configuration." *See supra* p. 12, n.5; Dinwoodie at 580-83. Indeed, a particular trade dress often will have characteristics of both product packaging and product configuration, and thus it will be impossible to categorize it as either product packaging or product configuration. *Id.* And, in any event, the entire inquiry is unnecessary because unique or unusual product designs—just like unique or unusual packaging—serve as an indicator of source. *See, e.g., Ashley*, 187 F.3d at 370-75; *I.P. Lund*, 163 F.3d at 39-41; *Imagineering, Inc.* v. *Van Klassens, Inc.*, 53 F.3d 1260, 1263-64 (Fed. Cir. 1995); *Seabrook*, 568 F.2d at 1344-45.

The Third Circuit and, at times, the Second Circuit also have required that a trade dress, to be inherently distinctive, must be "likely to serve *primarily* as a designator of origin of the product." *Knitwaves,* 71 F.3d at 1008 (emphasis added); *Duraco,* 40 F.3d at 1448-49. As one court aptly observed, however, this test "revives a false dichotomy between aesthetics and source identification. *Knitwaves* seems to instruct that a design can serve only one primary purpose: either aesthetic or source-identifying, but not both. This approach is neither helpful or logical." *Krueger,* 915 F. Supp. at 606 (citation omitted); *see also* Dinwoodie at 552 ("Any test that defines distinctiveness of a useful product's configuration in terms of primary purpose will drift toward the establishment of false dichotomies among aesthetics, function and source identification."). There is no good reason under the Lanham Act to deny the benefits of immediate protection to a unique and unusual product design simply because it can serve *both* an aesthetic purpose and a source-identifying purpose. *See, e.g., Ashley,* 187 F.3d at 375; *Fabrication Enters., Inc.* v. *Hygenic Corp.,* 64 F.3d 53, 55 (2d Cir. 1995). *See generally* Dinwoodie at 602-03 ("In the modern consumer marketplace product design features may simultaneously serve many purposes, including aesthetic, functional, and identificatory. Product designs can and do serve to identify the source of products . . . . Trademark law must accept that reality and refrain from relegating product design trade dress to a second-class status."). There is even less reason to put businesses through the tortuous process of establishing what purpose is "primary." *See* Dinwoodie at 541-45; U.S. Brief 27-28.

Finally, the Third Circuit has held that, for a product design to be inherently distinctive, it must be "conceptually separable" from the product. *Duraco,* 40 F.3d at 1449-50. But this requirement borders on the illusory. The notion of conceptual separability is a legal requirement imported from copyright law, and it is one that has "bedeviled" courts. *See* Dinwoodie at 539-41 & n.197. Indeed, its place in trade dress law seems to be mostly as a hurdle that is extraordinarily difficult for certain owners of trade dress to clear: the Third Circuit has acknowledged that the requirement should prevent virtually all product designs from being recognized as inherently distinctive because the appearance of a product is part of the product. *Duraco,* 40 F.3d at 1452. But this hostility to inherently distinctive product designs is, once again, out of step with the modern marketplace, where product designs are created to serve, and in fact do serve, as valuable identifiers of source.[11] There is thus no need to borrow an already opaque concept from copyright law and use it to diminish protection for truly unique designs under the Lanham Act.

III. THE *SEABROOK* TEST PROVIDES THE PROPER BALANCE BETWEEN PROTECTION OF PRODUCT DESIGNS AND COMPETITORS' NEED TO COPY

A. The *Seabrook* test leads to a greater certainty that will benefit producers, competitors, and consumers alike. For example, given the straightforward nature of the *Seabrook* inquiry, producers of original product designs should be able to determine inexpensively and reliably whether a particular design will be afforded immediate protection, enabling them to allocate the proper amount of resources to bringing the products to market. In particular, a company will be able to decide whether to invest more resources in a product subject to immediate

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[11] *See* Dinwoodie at 557-58 (The tests developed by the Second and Third Circuits, while "correctly founded on the inappropriateness of *Abercrombie*, are blatant efforts at revisionism. They ignore the teachings of *Two Pesos* and effectively turn back the clock to the days before product configurations were welcomed, on the basis of their operation in the marketplace, into the fold of source-identification.").

trade dress protection than to a product subject to immediate copying by its competitors. The greater predictability of the *Seabrook* test thus should lead to more efficient investment in product design and marketing. *See generally* William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TM Rep. 267, 271-72 (1988).

The *Seabrook* test also will provide appropriate trade dress protection to small businesses, like several of the *amici* represented here, that develop unique product designs. This Court recognized in *Two Pesos* that the failure to protect truly distinctive trade dress at its inception would be particularly burdensome on the "start-up" of "small companies," because it would fail to protect those owners from the "appropriat[ion]" of their trade dress—and thus from the "unfair prospect of theft [or] financial loss" near the time of market entry—simply on account of "the failure of the user of the dress to be successful enough in the marketplace." 505 U.S. at 771, 774. Immediate protection for such trade dress protects "the owner's legitimate proprietary interest in its unique and valuable informational device" and allows the owner to "maintain what competitive position it has and [to] continue to seek wider identification among potential customers." *Id.* at 770-71. The *Seabrook* test, applied with an eye to the realities of the existing marketplace, permits producers to develop their businesses and improve their competitive position with product designs that stand out from the designs of their competitors, enhancing competition in the long run. *See id.*

Competitors also will benefit by having a test that leads to predictable outcomes. By looking at the "particular field" in which they compete, they should be able to tell relatively easily whether a product design is so notably different from other designs that it—unlike more common designs—is not subject to copying. This increased ability

to identify what is and is not protected will, in turn, lead to reduced costs in designing products. *See, e.g.*, A. Samuel Oddi, *Product Simulation: From Tort to Intellectual Property*, 88 Trademark Rep. 101, 153 (1998). As one commentator has noted, "[t]he ambiguity of the concept [of inherent distinctiveness] is likely to increase transaction costs and have a deterrent effect on competitors entering the market in this particular product, or it may force them to expend additional amounts to make certain of a non-infringing design." *Id.* A test that significantly reduces this "ambiguity" should, in turn, reduce the expenses caused by uncertainty about the scope of protection for a particular product design.

It is important to recognize that, contrary to statements made by Payless (Br. 6), the *Seabrook* test does *not* protect each new product from copying by competitors. Under the *Seabrook* test, there is no protection for a new product that is made up of commonly used shapes or designs. *See, e.g., Hudson News*, 39 U.S.P.Q.2d at 1921-25. In addition, the well-established functionality doctrine specifically addresses the possibility that "the initial user of any shape or design would cut off competition from products of like design and shape." *Two Pesos*, 505 U.S. 774-75. That doctrine denies protection to even a unique and unusual product design if the design is one of only a few efficient choices and if protection of that design would place competitors at a significant non-reputational disadvantage. *Id.* The functionality doctrine thus limits undue harm to competition under the *Seabrook* test or any other test.[12]

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[12] For the same reason, contrary to the argument advanced by the Private Label Manufacturers Association (Br. 23-24), there is no need to have a higher burden of proof for protection of a "line" of products. On the contrary, a "line" of products (for example, a group of distinctive furniture items) includes individual products that are themselves unique and unusual but that, seen together,

The ability of producers and their competitors to distinguish their products from one another ultimately redounds to the benefit of consumers. Indeed, because the *Seabrook* test affords immediate protection to unique and unusual designs, it encourages producers to create product designs that are distinct from those of their competitors and thereby instantly recognizable. Accordingly, consumers will be better able to make choices between competing products and services. *See Qualitex*, 514 U.S. at 163-64 (a central purpose of the Lanham Act is to allow consumers to distinguish between different sources of products and services). In addition, to the extent that the *Seabrook* standard allows producers to identify more easily the designs that will be afforded immediate protection, they can make those designs a higher quality, having the assurance that they will obtain the reputational benefits that flow from such designs. *See Qualitex*, 514 U.S. 164 (a central goal of the Lanham Act is to encourage the provision of high quality products and services).

B. The protection provided to inherently distinctive product designs does not conflict with the policies of the federal copyright or patent statutes. To begin with, the Copyright Act, by its own terms, recognizes that rights accorded under other *federal* statutes are in addition to those granted by copyright law, and, therefore, nothing in the Copyright Act limits rights granted under the Lanham Act. *See* 17 U.S.C. § 301(d); 1 McCarthy § 6:14. Moreover, in order to prevail on a trade dress infringement claim, the plaintiff must demonstrate both that its trade dress is distinctive and that there is a likelihood of con-

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create a homogenous look that also is unique and unusual. This use of inherently distinctive products to create *another* inherently distinctive product—the line of goods—should be entitled at least as much protection, if not more. Indeed, were a line of products to receive less protection, it would encourage competitors to copy a *greater* number of products in order to increase the burden of proving infringement.

fusion. *See, e.g., Two Pesos*, 505 U.S. at 769. Under copyright law, neither of these elements is required. Therefore, federal trade dress protection does not interfere with the rights provided by the Copyright Act. *See, e.g., Ashley*, 187 F.3d at 376-77; 1 McCarthy §§ 6:13-:14.

The requirements of the Lanham Act are likewise different from those under the patent laws. As the court explained in *In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964), "[t]rademark rights or rights under the law of unfair competition do not extend the patent monopoly, [rather], they exist independently of it, under different law and for different reasons. The termination of either has no legal effect on the continuance of the other." *Accord Midwest Indus., Inc.* v. *Karavan Trailers, Inc.*, 175 F.3d 1356, 1362-63 (Fed. Cir.), *cert. denied*, 1999 U.S. LEXIS 7790 (1999). Although the Lanham Act does grant certain rights to designs that are not patentable under the Patent Act, those rights are tied, not just to the distinctiveness of the design, but to the likelihood of consumer confusion. *See, e.g., Ashley*, 187 F.3d at 376; 1 McCarthy §§ 6:8, 6:11. Thus, while a patent protects against copying regardless of possible consumer confusion, a trademark does not, and thus does not offer "monopoly" rights within the meaning of the patent law. *See, e.g., W.T. Rogers Co.* v. *Keene*, 778 F.2d 334, 337 (7th Cir. 1985) (Posner, J.); 1 McCarthy §§ 6:8, 6:11. Furthermore, to the extent that there is any tension between the scope of protection under the patent statute and the scope of protection under the Lanham Act, the functionality doctrine resolves it. *See generally* 1 McCarthy §§ 7:63-64; *see supra* p. 25. As this Court has explained: "[t]he functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to

control a useful product feature." *Qualitex*, 514 U.S. at 164; *accord Two Pesos*, 505 U.S. at 774-75.

IV. THE JUDGMENT OF THE SECOND CIRCUIT SHOULD BE AFFIRMED

With respect to the judgment in this case, we agree with the United States (Br. 28) that the Second Circuit, in finding the clothing at issue inherently distinctive, erred by relying on evidence of respondent's intent. Pet. App. 9-10. We disagree, however, that the case needs to be remanded. Looked at as a whole, the record below provides sufficient justification for affirming the judgment in favor of respondent under the *Seabrook* test.

Respondent's complaint claimed that the overall appearance of its children's clothing designs was "unique" and distinctive. JA 19 ¶ 40. At trial, petitioner admitted that there were an "infinite" number of ways to design children garments with seersucker fabric, common children themes, a collar and appliques. JA 61. Moreover, the evidence demonstrated that respondent's trade dress, which *combined* these elements, was unique and unusual in the marketplace, and even petitioner characterized that trade dress as having "the Samara look." JA 62-64, 69-70, 77-78, 81, 85, 98-99, 110, 117-18. In this regard, third party children's garments were introduced into evidence. *E.g.*, JA 62-64; Pet. App. 12-14 & nn.2-3, 47-48. At the conclusion of trial, the jury was then instructed to consider whether respondent's trade dress was common or unusual and, in doing so, to consider market context. JA 143. The jury returned a verdict finding that respondent's trade dress was "protectable." JA 152.

In denying a motion to set aside the jury verdict, the district court held that the record supported a finding that the trade dress was inherently distinctive under the *Seabrook* test. Indeed, the district court expressly cited to and relied upon *Seabrook*, holding that the jury properly

could have concluded that the trade dress was inherently distinctive based upon the comparison of respondent's garments with other garments in the marketplace. *See* Pet. App. 46-49. In short, the district court held that the jury could have reasonably concluded that respondent's trade dress was inherently distinctive under the standards of the *Seabrook* test. *Id.*

The Second Circuit—while not directly relying on the *Seabrook* test—nonetheless invoked similar principles in deciding to affirm. The Second Circuit noted that its prior decision in *Landscape* had held that the "overall look" of a product may be inherently distinctive, Pet. App. 12, and *Landscape*, in turn, had stated that the *Seabrook* test is always relevant and may be sufficient to decide the distinctiveness issue. *Landscape*, 113 F.3d at 378 n.3. While the plaintiff in *Landscape* had failed to indicate what "unique combination of features" of its product would be "likely perceived by consumers as bearing the stamp of their maker," Pet. App. 11-12, the Second Circuit held, in this case, that respondent, by contrast, had "sufficiently depicted" such a "distinctive combination of ingredients," and that, "as a whole, the record divulges . . . specific elements . . . which, when combined, create a distinctive overall look." *Id.* 12, 14-15. In support of that holding, the court pointed to the "dozens of garments submitted by both parties," *id.* 12-15 & nn.2-3—the same evidence that the district court had relied upon in holding that the record supported a finding of inherent distinctiveness.

Thus, by its own lights, the Second Circuit, like the district court, concluded that the record supported a finding that respondent's trade dress met the basic elements of the *Seabrook* test: that is, that it stood out in its field. To be sure, the Second Circuit did refer to respondent's intent in distinguishing the instant case from *Knitwaves*, but that discussion is not connected to its determination that the record, including the evidence of other garments

in the field, was sufficient to support a finding that respondent's trade dress created a "distinctive overall look." That view of the record makes the issue of intent superfluous. Accordingly, we submit that this Court should affirm the judgment below based on the *Seabrook* test.[13]

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

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[13] Petitioner claims (Br. 38-45) that the judgment should be reversed, because respondent's trade dress lacks uniformity and the Second Circuit misapplied its own standard. We offer no opinion on the merits of these claims because they are outside the scope of the question presented.